

## TRAFFORD BOROUGH COUNCIL

**Report to:** Executive  
**Date:** 19 February 2014  
**Report for:** Decision  
**Report of:** Deputy Leader & Executive Member for Finance and the Director of Finance

### Report Title

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

### Summary

The report sets out the Executive's updated revenue budget proposals for 2014/15, taking account of; movements in Government funding, consultation feedback from stakeholders, staff and Scrutiny, changes to budget assumptions and estimates, and includes for some additional savings and investments.

It is proposed that Council Tax should be frozen for the fourth year running to reduce the burden on residents at this time of limited economic growth. Instead the Council will take the opportunity of additional resources in the form of additional Government grant, £(0.9)m equivalent to a 1.1% rise, rather than raise tax to the allowed threshold level of 2.0%.

#### **The key summary points for the revenue budget proposals, are:**

- Budget will decrease by £(4.451)m or 2.8%, from £159.003m to £154.552m.
- Government based support has reduced by £6.1m or 5.9%, and
- planned base budget investment in services and other cost pressures amount to £10.0m, with a further £0.9m required to replace the non-sustainable reserves used to support the base budget brought forward.
- The sum of reduced funding and expenditure pressures presents a gross budget deficit for 2014/15 of £17.0m.
- Efficiency, additional income streams, the application of reserves and growth in the tax base will amount to £(13.7)m being 81% of the gross deficit, leaving,
- 19% of the budget deficit that will be met by other savings in the sum of £(3.3)m.

The Director of Finance has set out his view on the reasonableness and robustness of the budget, and the availability and adequacy of reserves, at Annex N.

## **Recommendation(s)**

### **It is recommended that Council approve:**

- The net Revenue Budget for 2014/15 at £154.552m, a decrease of £(4.451)m, or (2.8)%, when compared to the 2013/14 base budget of £159.003m;
- The calculation of the Council Tax Requirement as summarised in Section 8 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Council);
- That there is no increase in the proposed Council Tax level for Trafford related services in 2014/15 (valuation bands are detailed at Annex F);
- The Fees and Charges for 2014/15, as set out in the booklet available on the Council's web site, be approved, including specifically :

Notice is given of the intent to increase allotment fees by 50p per week for a standard and additional concessionary plot, and a concessionary charge for a first plot to be increased by 25p per week, in 2015/16.

Approval is given to Corporate Directors and the Chief Finance Officer with the joint delegation to amend fees and charges during 2014/15 in the event of any change in the rate of VAT, as appropriate

- That the minimum level of General Reserve for 2014/15 be set at £6.0m, the same as in 2013/14 (Annex N);
- That the overall Capital Investment Programme level of £83.2m be approved (as detailed in the Capital Investment Programme 2015/18 report attached) of which £40.9m relates to 14/15.
- The Prudential Borrowing Indicators as set out in Appendix 1, page 10, of the attached Treasury Management Strategy.
- The additional borrowing as detailed in paragraphs 17 of the Capital Investment Programme and Prudential Indicators 2014/17 report.

### **and in approving the above, has taken into consideration :**

- The objective assessment by the Director of Finance of the robustness of budget estimates and adequacy of the General Reserve (Annex N).
- The Executive's response to the Scrutiny Committee's recommendations to the budget proposals, which can be found elsewhere on the agenda.
- The detailed report on the outcomes of the Staff and Trade Union Consultation which can be found on the agenda for the Employment Committee on 19 February 2014.

**In addition, the Council notes the following :**

- The approval on 23 January 2014 under delegated powers by the Director of Finance of the Council Tax Base for 2014/2015 at 71,940 Band D equivalents. Along with the calculation of the estimated Council Tax surplus, sufficient to release £(300)k to support the Council's 2014/2015 revenue budget and a distribution of £(40.5)k and £(15.6)k representing the respective shares of the GM Police & Crime Commissioner and GM Fire and Rescue Authority.
- That the Capital Investment Programme for 2015/2016 and 2016/2017 to be set at a notional £24.5m and £17.8m respectively.
- The Council Tax figures included in the report for the Office of the GM Police and Crime Commissioner and the GM Fire & Rescue Authority are the recommended provisional amounts pending their formal approval.
- The Treasury Management Strategy 2014/2017 detailed elsewhere on the agenda.
- The base budget assumptions as set out in the Medium Term Financial Outlook as detailed in Annex B.

**Contact person for access to background papers and further information:**

Name:	Cllr Sean Anstee	Ian Duncan
Extension:	4884	4884

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed budget for 2014/15 supports all key priorities and policies.
Financial	The report sets out the proposed budget for 2014/15, distributing available resource across service objective heads as detailed in the report.
Legal Implications:	It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. Budget proposals take account of various legislative changes as they affect Council services. The Council has begun the statutory processes associated with the effect of the proposed budget on staffing levels.
Equality/Diversity Implications	The recommendations proposed by this report are not considered to have any significant effects on groups with protected characteristics, and any impact will be mitigated where reasonable and appropriate.
Sustainability Implications	None arising out of this report.
Staffing/E-Government/Asset Management Implications	Human Resources – statutory processes have begun and the impact on staffing is still subject to

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

**Consultation**

A budget consultation has been carried out, the details and results of which are outlined in Section 2 of this Report, and the review of the proposals and process by the Council’s Scrutiny Committee is included at section 3.

**Reasons for Recommendation**

To enable the Council to set a Budget Requirement and Council Tax level for 2014/15.

**Key Decision**

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

**Finance Officer Clearance** .....ID.....

**Legal Officer Clearance** .....JLF.....

**CORPORATE DIRECTOR’S SIGNATURE**

*(electronic)*.....**WM**.....

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



**TRAFFORD**  
**COUNCIL**

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

**19 February 2014**

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

COUNCILLOR SEAN ANSTEE

**Background**

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

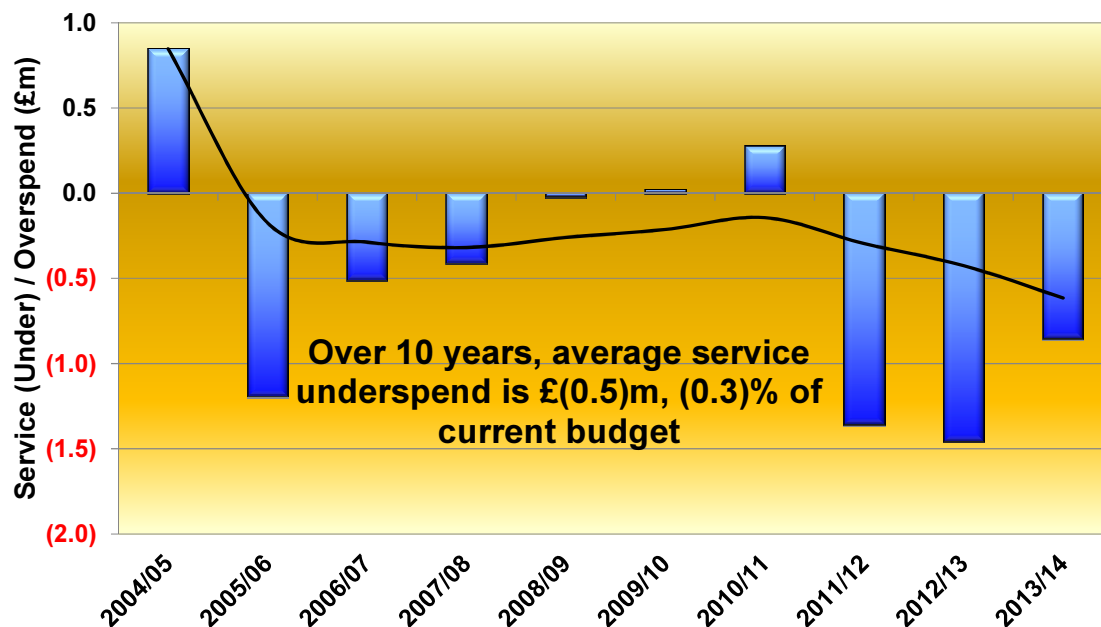
Trafford Council has a proven track record and the recognition of its external auditors of delivering significant efficiencies, for setting robust and stable budgets, with minimal and reducing reliance on reserves, and for delivering improving high quality services within budget year after year.

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

*Grant Thornton, Audit Findings for Trafford, September 2013*

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

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



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

- On 1 April 2013, the Public Health function successfully transferred from the National Health Service to the Council, along with combining children and adult social care services into one directorate, and
- the Council and key partners took on board the responsibility of the Social Fund from the Department of Work and Pensions, developing Trafford Assist which was specifically tailored to meet the needs of some of the most vulnerable in the Borough, and
- the Council successfully implemented a comprehensive change to the Council Tax Benefit system, implementing a new scheme that protected the most vulnerable and supported those in transition from benefits to employment.
- This was at the same time as delivering £(18.5)m of budget savings, which is nearly 12% of the net budget.
- Additionally, 88% of Trafford schools are rated as good or better by Ofsted compared to 66% nationally and 49% of Trafford schools are rated outstanding compared to 26% nationally.
- GCSE performance of pupils eligible for a free school meal is the highest in the North West and improved further from 41% to 50% in 2013.
- Trafford has the lowest proportion of 16-18 year olds who are not in employment, education or training in Greater Manchester and the rate has continued to improve despite the challenging economic conditions.
- Trafford is a national pathfinder for the Single Education, Health and Care Assessment Model for children with complex needs.
- Trafford is one of the best performing and low cost waste collection services in Greater Manchester, and the introduction of a weekly food waste recycling service in 2013 has increased overall recycling rates from 48% to around 60%, saving an estimated £1.2m from reduced waste disposal costs.
- The Borough has the lowest killed and seriously injured road casualties in Greater Manchester.
- Residents and businesses benefit and will continue to benefit, from being able to park anywhere in the Borough for only 10p for the first hour. This is the lowest rate in Greater Manchester.
- The percentage of people unemployed for longer than six months is 1.3% compared to the Greater Manchester average of 2.1%.
- Over 250 affordable homes will be built in Trafford between 2013 and 2015.
- Trafford remains the safest place in Greater Manchester, with the highest level of Public Confidence and Satisfaction, and the lowest perception of anti-social behaviour which has reduced by 57.6% or 8,120 incidents per year, and
- between 2006/7 and 2012/13, Total Crime in Trafford fell by 53.5% - which is 12,663 fewer offences per year, and

- in 2012/13 the Council yet again had the highest Council Tax (98.1%) and Business Rate (97.9%) collection rates in Greater Manchester.
- All of this has been achieved without increasing the Council Tax, which remained the lowest in the North West and 21<sup>st</sup> lowest in the Country.
- Healthwatch Trafford was successfully launched in April, with Trafford having been a Department of Health pathfinder,
- Trafford, as part of the Four4adoption partnership, achieved best local authority adoption agency at the National Adoption Week awards
- A successful bid to the Homes and Communities Agency (HCA) secured £3m capital money to support the development of a fourth extra care facility in the north of the Borough.
- National recognition from the Audit Commission was achieved for Trafford Council's adult social care transformation programme over the last five years, including the development of a dementia kite mark informed by customer experience and expectations. There was also recognition for the approach taken in managing the adult social care market.
- In the summer of 2014 the third extra care facility will open in the heart of Sale.

The Council is highly dependent on Government support, and the 2014/15 revenue budget will be the fifth budget set during the period of austerity. From July 2010 with the Coalition Government's first emergency budget to date, support for non-Schools Council services in Trafford has reduced by £24.5m, and for 2014/15 this will reduce by an additional £6.1m.

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

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

- Investing in internal capacity for improved procurement, transformation and organisational change.
- Taking a lead with neighbouring authorities hosting the Association of Greater Manchester Procurement Hub, and vice-chairing the Improvement and Efficiency Commission.
- Sharing services and collaborating; the Human Resources computer system specified, procured and established in partnership with Stockport and Wigan Councils, a project referred to as SWiTch, avoided £2.5m of initial costs. Proposals for 2014/15 include for launching the Council's successful procurement function as a shared service with Stockport and Rochdale Council's, known as the STaR, reducing overheads and boosting purchasing power.



- Working in partnership; at the heart of delivering children and young people's services is the unique partnership between the Council's education and social services functions, and the Primary and Acute Care Trusts. This service centres on the needs of the child rather than the traditional delivery methods of the organisations which reduces unnecessary contact time and improves outcomes. Additionally, a successful partnership bid to the Home & Communities Agency has secured over £3m for a fourth extra care facility in the north of the Borough.
- Redesigning services; Groundforce is to be redesigned into five separate business units across parks, grounds maintenance and street cleaning – with separate operating models for each based on the different service demands. This will enable the use of resources and assets to be maximised and also allow levels of service to be clearly aligned to the funding available.
- Exploiting technology; Trafford is one of the first Councils to introduce the lending of e-readers as well as e-books as part of its innovative library services, and 95% of new claimants now use the e-housing benefit claim form, making it easier for them and reducing the input and administration time for the Council.
- Demand management; within Adult social care the number of people in receipt of Telecare services enabling them to live at home has increased by 737 to 2067, the number of people in receipt of self-directed support has increased from 2,615 to 4,305 from April 2011 – April 2013 and now represents 57% of all users and carers receiving services., and the number of delayed transfers of care that are attributable to adult social care has reduced by 32% from April – December 2013 despite a 3% increase in contacts and referrals made to hospital teams.
- Along with all the Councils of Greater Manchester, actively engaging in the Community Budgets Pilot for Public Service Reform. Across a wide range of projects Councils and partners, particularly in health, are working to implement relatively inexpensive innovative intervention services which will avoid more expensive acute services, which involves redistributing money between organisations to deliver better outcomes for residents at a total lower cost.

These initiatives have assisted in delivering £(39.8)m of efficiency and new income, equivalent to 51% of the Council Tax over the last four years, helping to maintain service levels at a time of significantly reducing resources.

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

## Summary of the 2014/15 proposed Budget

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

2014/15 is the fifth national austerity budget whilst the Coalition Government addresses the national deficit. Following the announcements proceeding from the Local Government Finance Settlement and taking into account consultation and robustness of savings proposals the gross deficit for 2014/15 is £17.0m, as a result of:

£6.1m reduction in sustainable Government funding, and inflation, increasing public expectation and demographic pressures in key services, increasing charges from levying bodies for waste disposal and some reduction in income, and an adjustment for the use of reserves in 2013/14 totalling another £10.9m.

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

This detailed longer term view has helped the Council identify £(10.4)m of further efficiencies, changes to staff terms and conditions and additional income such that 81% of the gross budget deficit for 2014/15 can be met with minimal impact on front line services for residents:

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

£(2.7)m through service redesign or introducing new technology.

£(1.8)m from changes to terms and conditions and tighter cost management related costs such as overtime, allowances and improved sickness management.

£(1.2)m to be saved by managing demand, particularly in adult social care by extending the successful Telecare and Reablement Services.

£(0.4)m of increased or new income, mostly being generated by the ETO Directorate.

£(1.0)m from an increase in the Council Tax base

£(2.3)m through the continued prudent use of reserves generated from previous underspending and the application of Council Tax surpluses generated from the growth in the tax base that has occurred in 2013/14.

The current net budget of £159.003m is proposed to reduce by £(4.451)m, or (2.8)%, to £154.552m, however, it will allow for sustained budgets and some investment in priority service areas:

in particular, an investment of £3.533m for both Children and Adult Social Care to meet the expectations of increasing service demands.

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

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

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

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

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

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

A living wage of £7.20 per hour will be introduced for employees from 1 April 2014, which will be a contribution to improving the livelihood of around 100 employees.

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

In addition to the revenue budget, investment in services through the £83.2m Capital Investment Programme 2014/17, with £40.9m planned for 2014/15 includes for:

Additional primary school placements, £21.2m in 2014/15, £32.6m over three years, and

other investment in schools' infrastructure of £3.9m in 2014/15, £8.8m over three years.

Highways investment of £7.3m in 2014/15, and £22.9m over the three years allowing for the replacement of 65km of carriageway, 66km of footway and 750 new street lighting columns.

Investment in the local economy through the Borough's Town Centres of £0.8m in 2014/15, and £2.8m over the three years.

A variety of investments in social care of £2.3m in 2014/15 and £5.9m over three years, including grants and home assistance to allow elderly and/or disabled people live in their own homes for longer.

Homeowner grants to encourage more homes to be brought up to habitable standards of £0.150m in 2014/15 and £0.450m over three years.

Improvements to facilities at the Council's allotment sites of £0.050m in 2014/15 and £0.150m over three years, and

a contribution to the Greater Manchester scheme to bring broadband to rural areas in the County of £0.313m.

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

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

Where decisions to reallocate services have been taken, the emphasis has been on management and back-office functions. Of the estimated 84.25 fte equivalent positions that are at risk to be removed from the establishment 53% are in management and back-office roles. At the time of the draft budget 64 staff were at risk. This number has now reduced to 56, and of these 37 have volunteered to leave the Council, leaving 19 at risk. The Council will continue to work with these staff to minimise impact.

The draft budget proposals also contain for a review of a number of staff terms and conditions, as well as reducing overtime, sickness and agency costs. Totalling £(1.8)m

Draft proposals have been subject to consultation, equality impact assessments, and the views of the Scrutiny Committee. After taking into account the feedback from consultations, the robustness work of the Director of Finance on business cases, and the governments' update on funding in the local government finance settlement, some changes to the original proposals have been made.

The main changes have been to provide some exemptions to the proposed changes to staff terms and conditions, £0.160m, and to increase the budgetary provision for demography in children's services by £0.933m. These additions, and some other minor changes, have primarily been funded through:

- the Government's improved settlement, £(0.230)m
- a reduction in the waste levy and a reprofiling of the medium term budget, £(0.335)m

- bringing adoption fee income into the budget, £(0.100)m, and applying the continuing element of Adoption Reform grant £(0.133)m,
- taking advantage of the savings from the recently tendered car park enforcement contract, £(0.150)m, and
- as a consequence of improved debt collection, reducing the budgetary provision for the contingency budget by £(0.125)m.

More detail on the changes can be found in the main body of the report at section 4.

# CONTENTS

	<b>Pages</b>
Foreword by the Deputy Leader & Executive Member for Finance	6
<b>Section</b>	
1 Executive Summary	15
2 Budget Consultation and staff impact of proposals	17
3 Scrutiny review	20
4 Changes to the draft Budget proposals	21
5 Proposed Revenue Budget 2014/15	24
6 Risk, Robustness and Reserves	33
7 Medium Term Outlook	35
8 Council Tax Requirement and Statutory Calculations	39
9 Capital Programme 2014/17 & Treasury Management	43
10 Recommendations	45
<b>Annexes</b>	
A Background material	47
B Base Budget assumptions for the medium term	56
C Government Funding	57
D Business Rates Retention Scheme	58
E Council Tax	63
F Council Tax Levels by Valuation Band	65
G 2014/15 indicative Budget Categorised subjectively (changes in expenditure and incomes by category)	66
H 2014/15 indicative Budget Categorised objectively (management accounts format)	67
<b>Service Summaries</b>	
I Children, Families & Wellbeing	72
J Environment, Transport & Operations	89
K Economic Growth & Prosperity	98
L Transformation & Resources	106
M Council-Wide Budgets	117
N Robustness & Adequacy of Reserves Assessment	121

## 1. EXECUTIVE SUMMARY

- 1.1 The Executive's draft Budget 2014/15 proposals were published and submitted to the Council's Scrutiny Committee on 18 November 2013, and contained for policy choice decisions of £(3.3)m which was 20% of the estimated gross budget deficit at that time. The proposals were the second year of a detailed two-year budget process which was first published in October 2012, which was consulted on during the autumn and winter of 2012 and early 2013.
- 1.2 As a consequence of some changes to savings proposals for 2014/15 further, targeted consultation took place with stakeholder groups over the autumn and early winter. Stakeholder groups did not propose or raise any issue that made any significant changes to initial proposals.
- 1.3 Scrutiny praised the Executive for the prompt and thorough responses to questions raised during their review, and raised one general and nineteen specific requests for additional information which are responded to elsewhere on the agenda.
- 1.4 The 30 day statutory staff consultation commenced on 7 November 2013, and this consultation has made some amendments to proposals. Not all staff consultations have commenced and four proposals remain subject to reviews, but at this stage it is estimated that 84.25 fte posts will be deleted, putting 56 staff at risk, of which 37 have requested some form of early release. In addition, staff have also been consulted on changes to Terms and Conditions, and the amended proposals, which included for some exemptions, were approved by the Employment Committee on 2 December 2013.
- 1.5 The total net changes from the announcements leading from the Local Government Finance Settlement were a favourable £(0.230)m, however, additional demographic need in Children In Care and Home to School Transport budgets of £0.933m, and exemptions granted to the proposed changes to Terms & Conditions as a consequence of consultation of £0.160m has necessitated further savings.
- 1.6 These cost pressures have been mitigated by reduced Waste Disposal Levy costs, £(0.335)m, bringing adoption income into account, £(0.100)m, applying the continuing element of Adoption Reform grant £(0.133)m, and the new Car Park Administration contract, £(0.150)m. Due to improved debt collection rates a prudent reduction in the contingency provision has been made at £(0.125)m, and other changes net to £(0.040)m.
- 1.7 The proposed budget for 2014/15 after robustness, risk mitigation, equality impact assessment and consultation is proposed at £154.552m:
  - which is a reduction of £4.451m or 2.8% on the £159.003m 2013/14 budget,
  - and includes for a Council Tax freeze for the fourth year running, taking advantage of the additional Government grant of an estimated £(0.894)m.

- The gross budget deficit of £17.015m, was made up of reduced Government support £6.076m, and cost pressures £10.033m, which were,
  - 81% mitigated by an increase in the Council Tax base of £(1.049)m, partly due to the successful local Council Tax Support Scheme, the application of reserves of £(2.307)m, increased efficiency and income of £(8.568)m, and changes to staff Terms and Conditions of £(1.816)m.
  - The 19% remaining budget deficit requiring £(3.275)m of policy choice decisions to balance the budget.
- 1.8 Nearly 30% of fees and charges established and set by regulation have increased by an average of 2%. Where the Council has more discretion in establishing or setting a fee or charge, towards 80% have had increases of an average 6-8%.
- 1.9 Taking all relevant and reliable matters into account, the Director of Finance has determined that the proposed budget, taken as a whole, is reasonably robust on the basis that the Council approves a minimum reserve level of £(6.0)m.
- 1.10 Future budgets remain challenging with further austerity reductions and increasing demand and costs. The Council estimates that in the three years 2015/18 it will need to address a gross budget deficit of £49.8m, and this is after taking into account a Council Tax rise of 2% and an increase in the tax base of 0.5% per year worth a total of £6.1m over the period. Just as the budgets for 2013/14 and 2014/15 formed a detailed two year plan based on identifying any remaining significant efficiencies, the future three years will form a detailed plan using new delivery models and attention to core values as its basis.
- 1.11 The Capital Investment Programme for 2014/18 of £83.2m will see a planned £40.9m of expenditure to support services in 2014/15 alone. Most notably will be expenditure on primary school places, £21.2m, highways, £7.3m, social services clients, £2.3m, and economic regeneration support to the Borough's town centres of £0.8m.
- 1.12 As interest rates are expected to remain low for investments and relatively high for borrowing, any borrowing for 2014/15 will be from internal cash balances of around £50m, however no borrowing is currently planned. It is planned to repay £2m of long term loans reducing the debt portfolio to £95m, and as a consequence to the relatively stable treasury management strategy no significant changes to the Council's prudential indicators is proposed.



## **2. BUDGET CONSULTATION AND STAFF IMPACT**

### **Draft proposals**

- 2.1 Reference is made to a dedicated document on budget consultation elsewhere on the agenda and Members are requested to treat that document as part of the overall budget bundle for the purposes of decision making. The following is an outline of that document.
- 2.2 The draft 2014/15 Budget proposals of 18 November 2013, was the second year of the two-year budget launched in October 2012, supplemented by the Vision 2015 document. However, there were a number of changes to savings proposals based on consultation, business case development and the need for additional savings.
- 2.3 In recognition of the potential impact of the proposals on the workforce and the public, consultation included for a statutory 30 day staff process, starting on 7 November, and a set of specific stakeholder engagements which began on 19 November 2013 and concluded on 8 January.
- 2.4 The proposals contained for £(3.3)m of policy choice decisions, thematically grouped:
  - Environmental Services, £(1.1)m
  - Education Support Services, £(0.5)m
  - Waste Management, £(0.5)m
  - Culture and Sport, £(0.4)m
  - Youth Offending, £(0.2)m
  - Community Support, £(0.2)m
  - Public Protection, £(0.2)m
  - Highways, £(0.1)m
  - Council Tax & Benefit Administration, £(0.1)m

### **Stakeholder consultation**

- 2.5 The main stakeholder groups were; residents through press media and the Council's web site, local businesses through a targeted and promoted event, adult social care stakeholder groups, Head teacher groups, partners such as Greater Manchester Police, the Trafford Clinical Commissioning Group, the Cultural Partnership Network, Friends of Parks, Registered Social Landlords and Trafford Housing Trust.
- 2.6 Generally speaking, stakeholders took the opportunity to raise concerns and register service priorities, but in the knowledge of the budget issues facing the Council did not raise any matter which would lead to a significant rethink on any of the proposals.

## Staff and Trade Union consultation

- 2.7 A more detailed report on the outcomes of the Staff and Trade Union Consultation can be found on the agenda for the Employment Committee on 19 February 2014.
- 2.8 Consultation was facilitated by a briefing to all staff and Trade Unions, fortnightly meetings with Trade Unions, service or team level meetings for those recognised as being directly affected and individual meetings with affected staff.
- 2.9 Those staff “at risk” were offered redeployment, early release on the grounds of redundancy or early retirement in order to mitigate the risk of compulsory redundancy. Running alongside the consultation process, an Equality Impact Assessment was maintained as a live document. Of the fifteen proposals that affect staff, eleven consultations have been completed, and four consultations will commence once the benefit realisation of the business case has been finalised.
- 2.10 The summary outcome on eleven proposals that have been consulted on is:
- Five proposals are unchanged
  - Four proposals have been amended in the light of consultation
  - Two proposals are being reviewed in the light of alternative solutions which will achieve the same level of savings but with a lower staff impact
- 2.11 It is not envisaged that the six proposals that are subject to detailed benefit realisation will significantly alter the level of saving proposed. An allowance has been made within the overall assessment of the budget’s robustness.

## Impact on Staff

- 2.12 It is now estimated that following a period of statutory consultation, 84.25 full time equivalent (fte) posts will be deleted from the budgeted establishment as a consequence of the proposals contained in this report. After taking account of vacancies, 56 individual staff are at risk of redundancy; however, of these, 32 have requested some form of early release and 5 have secured alternative employment. This means that as a result of the consultation process, the number of potential compulsory redundancies has been mitigated to around 19. Over 50% of the estimated staffing reductions are in management and back-office posts:

Staffing type	Post reduction in fte	Proportion or percentage	Headcount reduction	Percentage of total workforce
Management	12.0	14%	12	0.39%
Back office/Other	32.0	38%	16	0.52%
Front line	40.3	48%	28	0.90%
<b>Total</b>	<b>84.3</b>	<b>100%</b>	<b>56</b>	<b>1.81%</b>

- 2.13 In addition to changes in the budgeted establishment, the 2014/15 draft budget proposals contained for changes to Terms and Conditions, and savings relating to tighter cost management of agency and overtime. In the light of consultation some amendments were made to the initial proposals, and some exemptions allowed for. The final proposals were approved by the Employment Committee on 2 December 2013. By early February, over 84% of staff had voluntarily signed up to the new Terms and Conditions.
- 2.14 The 2013/14 budget included for the staged cessation over four years of the Subsidised Staff Car Lease, income from the new Car Salary Sacrifice Scheme, and for some of the Terms and Condition changes to be brought in part year in the final quarter. The 2014/15 budget includes for the second year savings from the car lease schemes, and a reduced benefit realisation of the Terms and Conditions.
- 2.15 Most of the cost reductions which should accrue generally across the Council due to the change in sickness policy and the tighter control of agency and overtime cannot be assigned to any specific budget. Directorates have managed the benefit realisation of these cost reductions according to their business or management practices. The risks associated with this style of benefit realisation are highlighted in the report of the Director of Finance on robustness attached at Annex N, and mitigated in the calculation of the minimum reserve level.

### 3. SCRUTINY REVIEW

- 3.1 The Executive's draft 2014/15 Budget proposals were submitted to the Council's Scrutiny Committee on 18 November. Scrutiny Committee Members divided the proposals into four areas, and undertook a review of each during December.
- 3.2 The report on the findings of Scrutiny was submitted and considered by the Executive on 27 January 2014. The Executive's response to the Scrutiny recommendations can be found elsewhere on the agenda and Members are requested to treat that report as part of the overall budget bundle for the purposes of decision making.
- 3.3 The Chairman and Vice-Chairman commented in the foreword to the Scrutiny report on the challenges of austerity budgets, recognised the Executive's two year plan to address this challenge, and praised the work of officers and Members in supporting their work:

*"Members have acknowledged that the Council continues to work within an increasingly challenging financial climate; and it is recognised that significant elements of proposals for 2014/15 were prefigured in the Executive's decisions taken in respect of the 2013/14 budget round.*

*We and our Scrutiny colleagues have welcomed the serious commitment of the Executive to responding to our enquiries this year; and have been appreciative of the positive engagement with the process, and of the thoroughness of the responses we have received."*

- 3.4 The report raised an overall general concern over the ability to achieve sustainable budget savings in areas where savings had already been made, and nineteen specific concerns on individual proposals within the four thematic groups. Scrutiny undertook to *"devote some resource to reviewing the impact of the budget proposals during the year to which they relate."*

#### 4. CHANGES TO THE DRAFT BUDGET PROPOSALS

##### Summary movement table

	Net Budget (£m)	Funding (£m)	Balance (£m)
<b>Draft budget proposal (November)</b>	<b>153.718</b>	<b>(153.718)</b>	<b>0.000</b>
Finance Settlement changes			
- Initial announcement	0.643	(0.894)	
- Localism grants	0.002		
- Housing Benefit Administration	0.029		
- Council Tax Annexes compensation	(0.010)		<b>(0.230)</b>
Changes in cost pressures:		0.010	
- Council Tax Annexes, loss of taxbase	(0.133)		
- Application of Adoption Reform grant	(0.025)		
- Application of Flood Grant	(0.335)		
- Waste Disposal Levy	0.933		
- Demography	0.160		
- Terms & Conditions	0.015		
- Insurance Tender	0.007		<b>0.632</b>
- AGMA budgets			
Additional savings:			
- Adoption Fees	(0.100)		
- Car Parking Enforcement Contract	(0.150)		
- Coroners & External Audit	(0.057)		
- Contingency for Bad Debt	(0.125)		
- Members' budgets	(0.020)		<b>(0.452)</b>
Use of Reserves		0.050	<b>0.050</b>
<b>2014/15 Budget Proposal</b>	<b>154.552</b>	<b>(154.552)</b>	<b>0.000</b>

##### Government's Local Government Finance Settlement

- 4.1 The Government provides support to Council's through general grant, notably Revenue Support Grant, specific grants and through the relatively new Business Rates Retention Scheme.
- 4.2 The analysis of the year-on-year changes contained within the Local Government Finance Settlement is complex as it includes for:
- Changes to control totals
  - Changes to apportionment methodology and data
  - Movements between the three funding types
  - Recompense for new burdens or regulatory changes affecting income, such that increases must be considered net of new expenditures or income losses
  - Reclassifications, grouping and splitting of elements within each funding type.

- 4.3 The total net change in Government support from the £6.306 reduction estimated in the draft proposals is an increase of £(0.230)m, bringing the actual net reduction to £6.076m.

#### **Changes to cost pressures and base assumptions**

- 4.4 Updated activity figures and decisions on costs made by the GM Waste Disposal Authority, will allow for a reduction of £(0.335)m from initial estimates.
- 4.5 The LSSC Flood Grant of £(0.025)m has now been brought into base budget to meet the relevant expenditure, as has the continuing element of the Adoption Reform grant £(0.133)m (the additional element of this grant for 2014/15 is another £(0.064)m included as part of the settlement figure in the above table).
- 4.6 Updated analysis of the current 2013/14 forecast and the subsequent consequence on estimates for 2014/15 have highlighted a need to provide further support to Children in Care and Home to School Transport budgets in the sum of £0.933m.
- 4.7 Following staff consultation and a review of the detailed impact on services, there have been some final adjustments to the benefit realisation of the changes to Terms & Conditions proposals. In addition, the initial proposal for Terms & Conditions savings included for some £0.180m being delivered in the last quarter of 2013/14, which is no longer proposed and this budget element will roll over into 2014/15. There is also a second year of savings for the cessation of the subsidised car lease scheme and the introduction of the salary sacrifice scheme to be taken into account. The net effect is a budget adjustment of £0.160m.
- 4.8 The apportionment of AGMA budgets across member Authorities and the recent retender for insurances require a further £0.022m

#### **Additional savings proposals**

- 4.9 The Council has invested in its adoption team in 2013/14 which has increased the number of placements. Some of these placements are for children in the care of other Authorities, and upon placement a one-off payment is made to the Council for that service. An income target of £(0.100)m has been brought into the base budget.
- 4.10 The recent framework tender by Salford City Council for Car Parking Enforcement has secured a reduction on current contract costs of £(0.150)m.
- 4.11 A review of some centrally held budgets has concluded that at some risk base budget could be released to meet more likely demands in Children's Services demography. The Coroners and External Audit budgets have been reduced by a total of £(0.057)m, and the risk of higher inquest hearings is mitigated by a small reserve of £(0.030)m.

- 4.12 Improved debt collection allows for a reduction in the Bad Debt Contingency budget of £(0.125)m.
- 4.13 The Member's Training budget of £0.021m is proposed to be reduced by £(0.010)m as there is an unspent balance carried forward of £(0.051)m, and a reduced commitment against the Member's telephony budget of £(0.010)m can be realised leaving an ongoing budget of £0.056m.

#### **Local funding changes**

- 4.14 As a consequence of the new national policy to give annexes that have their own banding a 50% discount, the Council Tax estimate has been reduced by £0.010m. The use of reserves to support base budget expenditure can be reduced by £0.050m which will help with future budgets as they will have reduced non-sustainable funding to replace.

## **5. PROPOSED REVENUE BUDGET 2014/15**

### **Government Support**

- 5.1 The Council's budget is sensitive to changes in the total support provided by the Government (see Annex A for further background). The total net change in general and/or specific grants at this time of continued austerity is for a reduction of £6.1m or 5.9% (see Annex C for summary of movements).
- 5.2 This net movement includes for the Executive's proposal to take up the 2014/15 Council Tax Freeze grant of £(0.894)m, equivalent to 1.1% increase on Council Tax, as opposed to raising Council Tax by the 2.0% threshold or further by holding a referendum. This decision allows for additional resources to the Borough and avoids increasing resident's tax burden at this time of limited economic growth. (Further details can be found at Section 9 and Annex E).
- 5.3 The Government's new Business Rates Retention scheme is intended to encourage Councils to increase business activity in their area such that they can share to a limited extent in the economic growth. There are many uncertainties with regard to this scheme for Trafford, and how it works and the associated risks are outlined at Annex D.
- 5.4 Whilst the Council may receive some additional income should actual business rates income be above the Government's target, another consequence of the scheme is that the Council became partly responsible for all outstanding and future rating appeals. At the time of drafting the budget the Government has not announced the regulations and accounting practices as to how Councils are to deal with current and future rating appeals. Discussions between DCLG, LGA and CIPFA would suggest:
- Full provision will need to be made for existing appeals in 2013/14, which for Trafford would trigger the safety net requiring some £2.4m of additional support from reserves.
  - Further provision will be required in future years for future appeals, which with the Government initiative to settle 95% of appeals by July 2015 encouraging businesses to make appeals before then, may trigger the safety net again and/or limit income.
- 5.5 The Executive is therefore minded not to make any reliance on the Business Rates Retention Scheme providing additional resources to support the budget at this stage.

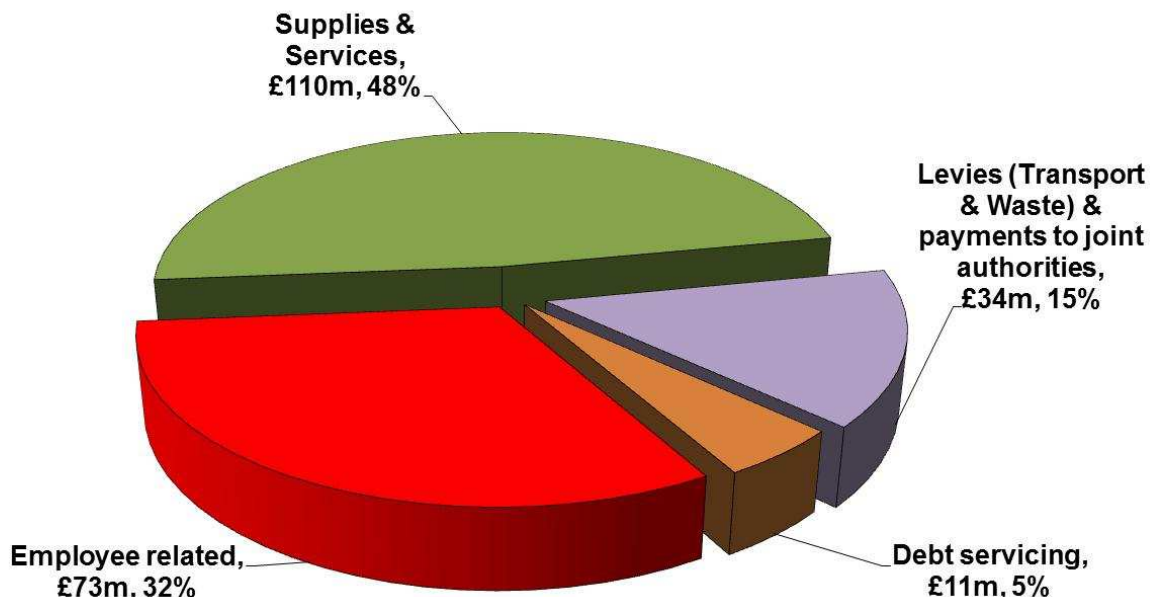
### **Budget Pressures**

- 5.6 Disregarding Schools related expenditure and benefits, the Council currently has a discernable gross budget of £228m (please see annex A for further background). For the purposes of identifying underlying cost pressure, this expenditure can be broadly categorised as:



- Supplies and services; subject to inflation specific to the form of supply and other market conditions.
- Employee related; subject to pay awards, changes in employer taxation and pension requirements, and changes in employment regulations and nationally agreed terms and conditions.
- Levies or transfer payments to joint bodies; primarily Greater Manchester Waste Disposal Authority and Greater Manchester Combined Authority, with increases subject to those bodies own cost and savings changes
- Debt servicing; both the interest payable on loans and the money set aside for repayment of loans. This area can be complex, and reference is made to the Treasury Management Strategy report elsewhere on the agenda.

### Gross Expenditure by Category 2013/14 - £228m



5.7 The above pie chart also shows the extent of exposure to cost pressures, for example, nearly 50% of expenditure is subject to market forces such as inflation underscoring the importance of a professional pro-active procurement team.

5.8 The following two lists are a summary of the estimated increase in costs, and more detail is provided at Annex B and a subjective summary of the movements between the 2013/14 and 2014/15 budgets is at Annex G:

- Inflation continues to be relatively high, with even higher increases expected for energy and fuel. A total provision of £3.0m has been made in the budget, which to a large extent has been mitigated by procurement and market management savings proposals.

- A provision of £1.5m has been made for pay and pension increases. The main relevant unions have recently requested an 8% pay award, whereas the Chancellor has announced that public pay awards should be no more than an average of 1% until 2017/18. For planning purposes the Council has assumed a national pay award of 1% for 2014/15. Additional costs will accrue in 2014/15 as overtime becomes pensionable under new rules, however, the budget proposals contain for management action to reduce the award of overtime reducing both base budget costs and the impact of these new pension rules.
- The GM Waste Disposal agency has reduced its initial estimates, such that the budget increase will now be £0.343m after the application of the smoothing reserve, which is some £(0.335)m lower than was included in the draft proposals. The other major levy is for Public Transport services, and in recognition of the issues facing all authorities the Greater Manchester Combined Authority has set a £nil increase for 2014/15.
- The Council's policy to borrow from internal cash balances during this time of low investment rates and relatively high borrowing rates continues to keep debt servicing costs low. This is also assisted by the Government's move to provide capital grants rather than borrowing approvals, which assists cash flow whilst at the same time avoiding new debt. Combined with investment interest the net change in 2014/15 for the Treasury Management budget is proposed as £0.020m.

5.9 In addition to the above, there are other cost pressures relating to the need or ability to deliver public services:

- Increased demand across all client groups for social care is expected to require additional service investment of £3.5m in order for the Council to meet its legal obligations. This includes for an additional £0.9m to the draft proposals, brought into budget following robustness and consultation.
- As part of ongoing long term reviews, the Environment, Transport and Operations Directorate has changed 2013/14 savings plans which will be carried forward into the 2014/15 budget in the sum of £0.5m. In addition, the original proposals for the 2013/14 budget assumed that some £0.2m of benefit would accrue from the early implementation of some of the Terms and Conditions proposals. Following consultation it has been decided that all of these proposals will now start from 1 April 2014, and as a consequence this saving amount is also brought forward into 2014/15.
- Loss of mostly rental income due to continuing economic conditions has increased pressures by a further £0.2m.
- Service investment, some of which is directly funded by the Government in respect of services transferring between other public bodies and the Council account for the remaining £0.4m of the total expenditure pressure of £10.0m.

- In addition, the base budget brought forward was supported by £0.9m of non-sustainable reserves which will either require a sustainable solution or further reserves to be applied.

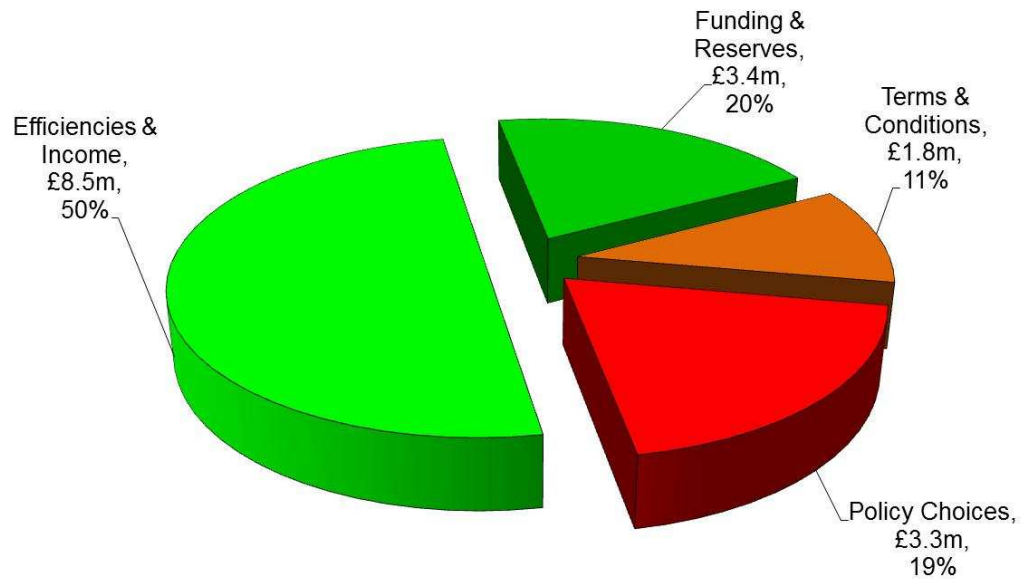
## Budget Deficit

5.10 The table summarises the updated gross budget deficit, or gap, of around £17m, the movement since the draft budget proposals of November 2013, and how the Executive proposes to meet this challenge with additional funding and a variety of savings:

2014/15 Budget Deficit	Nov 2013 Draft Budget (£m)	Final Proposed Budget (£m)	
Expenditure Pressures	9.1	9.3	
Funding Reduction	6.3	6.1	
Savings carried forward	0.5	0.7	
Reserves adjustment	0.9	0.9	
<b>Total deficit</b>	<b>16.8</b>	<b>17.0</b>	
Efficiencies	(7.8)	(8.1)	
Terms & Conditions	(2.0)	(1.8)	
Income	(0.3)	(0.4)	
Funding	(2.5)	(3.4)	
<b>Total</b>	<b>(12.6)</b>	<b>(13.7)</b>	<b>81%</b>
<b>Policy Choices</b>	<b>(3.3)</b>	<b>(3.3)</b>	<b>19%</b>
Imbalance	0.0	0.0	

- 5.11 An analysis of the movements between the draft budget and final proposals can be found at Section 4.
- 5.12 Efficiencies, changes to staff terms and conditions, additional income and funding in the sum of £(13.7)m which will meet 81% of the budget deficit:

## Balancing the £17.0m Gross deficit



- 5.13 Proposals include for some £(10.3)m of efficiencies, new income, changes to staff terms and conditions and increased austerity management of employee related expenditure, and £(3.4)m of funding:

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

£(2.7)m through service redesign or introducing new technology.

£(1.8)m from changes to terms and conditions and tighter cost management related costs such as overtime, allowances and improved sickness management.

£(1.2)m to be saved by managing demand, particularly in adult social care by extending the successful Telecare and Reablement Services.

£(0.4)m of increased or new income, mostly being generated by the ETO Directorate.

£(1.0)m from an increase in the Council Tax base

£(2.3)m through the continued prudent use of reserves generated from previous underspending and the application of Council Tax surpluses generated from the growth in the tax base that has occurred in 2013/14.

- 5.14 The Fees and Charges Report can be found elsewhere on the agenda, and Members are requested to treat this report as part of the overall budget bundle in their decision making process. The majority of fees and charges are set by regulation, and where the Council has more influence there are issues of customer impact, competition and economic conditions to take into account. Additional income to the Council by way of fees and charges in 2014/15 is estimated at an additional £(0.4)m.
- 5.15 The successful implementation of the Council Tax Support Scheme, which replaced Council Tax Benefits on 1 April 2013, a decrease in single person discounts and growth in the number of houses, has provided for a forecasted surplus on the Collection Fund in 2013/14. It has also allowed for a forecasted increase in the Council Tax base worth £(1.0)m or around 1.3%.
- 5.16 In addition to £(0.3)m of Council Tax Surplus, it is proposed that just over £(2.0)m of General Reserve is applied to support budgeted expenditure next year. It has been one of the Council's policies of the Medium Term Financial Strategy to reduce and/or keep low the use of reserves supporting long term budgetary expenditure, using reserves instead to finance one-off or short term service investments. This will be the first budget since 2004/05 where there has been a significant increase in the use of reserves year-on-year, with the level of reserves being used in 2013/14 being £(0.9)m.
- 5.17 The remaining deficit has been balanced by policy decisions, which have been thematically grouped as.
- Environmental Services , £(1.1)m
  - Education Support Services, £(0.5)m
  - Waste Management, £(0.5)m
  - Sports and Culture, £(0.4)m
  - Youth Offending Service, £(0.2)m
  - Community Support, £(0.2)m
  - Public Protection, £(0.2)m
  - Highways, £(0.1)m
  - Council Tax & Benefit Administration, £(0.1)m

## Proposed Revenue Budget 2014/15

- 5.18 The following table summarises at Directorate level, and then by Executive Portfolio, the year-on-year movement between the 2013/14 budget and the 2014/15 proposed budget, greater detail can be found at Annexe H:

2014/15 draft summary budget, compared to 2013/14	2013/14 Budget (£000's)	Move-ment (£000's)	2014/15 Budget (£000's)	Change (%)
<b>Children, Families &amp; Wellbeing:</b>				
Education	6,934	(240)	6,694	(3.5)%
Children & Families	24,363	(56)	24,307	(0.2)%
Adult Social Services	51,896	(1,173)	50,723	(2.3)%
Community Health & Wellbeing	0	0	0	
<b>Total</b>	<b>83,193</b>	<b>(1,469)</b>	<b>81,724</b>	<b>(1.8)%</b>
<b>Environment, Transport &amp; Operations:</b>				
Highways & Environment	15,669	(707)	14,962	(4.5)%
Waste Levy	13,523	343	13,866	2.5%
<b>Total</b>	<b>29,192</b>	<b>(364)</b>	<b>28,828</b>	<b>(1.2)%</b>
<b>Economic Growth &amp; Prosperity</b>	<b>3,253</b>	<b>171</b>	<b>3,424</b>	<b>5.3%</b>
<b>Transformation &amp; Resources</b>	<b>14,189</b>	<b>(1,261)</b>	<b>12,928</b>	<b>(8.9)%</b>
<b>Safe, Strong Communities</b>	<b>2,172</b>	<b>(453)</b>	<b>1,719</b>	<b>(20.9)%</b>
<b>Finance Portfolio</b>				
Finance	3,944	(327)	3,617	(8.3)%
Council Wide Budgets	23,060	(748)	22,312	(3.2)%
<b>Total</b>	<b>27,004</b>	<b>(1,075)</b>	<b>25,929</b>	<b>(4.0)%</b>
<b>Total Net Budget</b>	<b>159,003</b>	<b>(4,451)</b>	<b>154,552</b>	<b>(2.8)%</b>

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

an investment of £3.533m for both Children and Adult Social Care to meet the expectations of increasing service demands, which is a £0.933m increase on the draft budget proposals.

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

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

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

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

All existing Youth Centres will remain open, as will Children Centres, and all of the Borough's 14 Libraries. In addition, there are no proposals to

close Public Conveniences or reduce School's Crossing Patrols in 2014/15.

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

A living wage of £7.20 per hour will be introduced for employees from 1 April 2014, which will be a contribution to improving the livelihood of around 100 employees.

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

## **SCHOOLS FUNDING & BUDGETS 2014/15**

### **Background**

- 5.20 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant or DSG. This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. The DSG of £174.5m for the Borough can be divided into three main areas:
- Mainstream bloc; £139.8m for the Borough of Trafford, split £53.5m to Academies and £86.3m to LEA Schools, which essentially funds schools' budgets.
  - High needs bloc; approximately £23.8m which primarily supports Special Educational Needs expenditure which is pupil rather than school led.
  - Early Years bloc; approximately £10.9m, which funds educational provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings, and is administered by the Council.
- 5.21 The DSG is apportioned between authorities largely based on pupil numbers, and as such the final allocation is not finalised until January when the schools census data has been collated.
- 5.22 Locally schools funding is split between centrally held Education budgets, and devolved schools' budgets, and apportioned to individual schools by a funding formula. Both the central-devolved split and the factors that are within the funding formula are recommended to the Executive by the Schools Funding Forum, which is a representative body mostly made up of school Governors and Head Teachers, but also including PVI and College representatives.

### **Government Funding**

- 5.23 Whilst distribution to Trafford is dependent upon the census count of pupil numbers, the national control total for schools funding is expected to be a £nil increase in 2014/15. This will require schools to meet all pressures within existing funding. Within this control total is the Pupil Premium Grant, which is distributed on the basis of pupils eligible for free school meals and will be increasing significantly for 2014/15:

- Primary £900 per pupil in 2013/14 will rise to £1,300 in 2014/15, a 44% rise per pupil
- Secondary £900 per pupil in 2013/14 will rise to £945 in 2014/15, a 5% rise per pupil

5.24 This increase in deprivation led funding is not likely to benefit Trafford schools as much as it will other urban authorities. Trafford schools, whilst nationally high achieving, are also some of the lowest funded.

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

### **Local Funding Distribution**

5.26 Distributing funding across schools, recognising deprivation and special educational needs factors, has become increasingly difficult at a time of reduced resource availability. To combat this situation, the Funding Forum has recommended that basic entitlement in the funding formula should be increased from 75% of available funding to 78%, and this has been approved by the Executive.

5.27 Early Years funding is distributed by the Early Years Single Funding Formula (EYSFF), which is also currently under review.

### **Pressures on schools**

5.28 Schools are required to meet all inflationary increases in their expenditure as well as potentially reducing funding out of their delegated budgets:

- pay awards of 1% or higher, and increased pension contributions,
- inflation at a prevailing average forecasted to be 3.0%, but with heating and lighting costs expected to be in excess of this.

5.29 As a consequence of funding pressures on the non-schools areas of the budget, some Educational Support Services are either being reduced or moving into a buy-back or trading service, with the intent that schools will pay for those services in future. With limited funding schools will be forced to make choices between continuing these services, other buy-back services and their own core budgets.

5.30 Some schools have reserves they can call on, and the Council will work closely with any maintained school that is experiencing financial difficulty to draw up a recovery plan. Short term loans are available based upon a balanced recovery plan, and there is a centrally held organisational change provision to assist with reorganisation.



## **6. RISK, ROBUSTNESS AND RESERVES**

- 6.1 It is a requirement of the Local Government Act 2003 for the Council's Chief Finance Officer to give an opinion as to the robustness of the budget proposals (s25) and the adequacy of reserves (s26). These opinions are provided to Members to assist in their determination as to whether the proposed budget is sufficient to meet the needs of the Council.
- 6.2 Members' attention is drawn to the statement by the Director of Finance attached at Annex O, which should be taken into account before approving the budget. There are a number of matters to be drawn to the attention of Members:
- The negative effects of the current economic climate in terms of uncertainty and; suppressed income, potentially higher numbers of Social Services client and/or increased needs, reduced investment rates and volatility in borrowing rates.
  - Through developing dedicated internal capacity, the Council has a strong track record of delivering on savings programmes. However, there remains a risk that individual savings proposals may not be fully implemented in-year and/or that the cash benefits can be realised in time.
  - Uncertainty over a possible pay award.
  - That not all Government funding has been announced, and some reductions in grant levels is anticipated.
  - Changes in the local government finance regime, which now places greater risk on the Council.
- 6.3 An overall assessment of the current budget, future budget proposals, costings, activity forecasts, savings plans and base budget assumptions identifies that whilst there are risks, the overall budget provisions should be sufficient to meet the Council's legal responsibilities and other obligations. A review of risks, mitigations, and contingencies has been undertaken alongside a review of reserves and provisions.

### **Reserves**

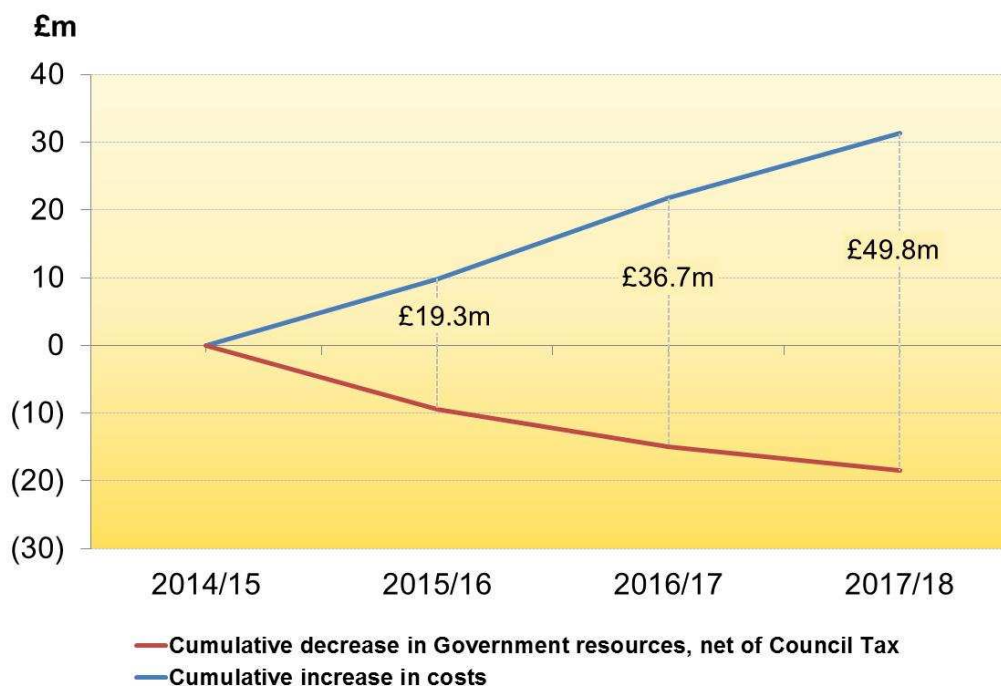
- 6.4 The Director of Finance is also required to report to the Council on the adequacy of reserves, and a detailed statement can be found and summary analysis of earmarked reserves at Annex N. It is proposed that the Council approves a minimum General reserve level of £6m for 2014/15.
- 6.5 The Council's approach to reserves has been to reduce the dependency on them to support recurring expenditure and to hold earmarked reserves for specific named purposes. Lately the Government has urged local authorities to spend reserves in order to protect front line services. In considering this request Members are asked to exercise some caution. The commentary in section 8 refers to the difficult medium term financial position and that decisions on reserves should not be for the immediate year only.

- 6.6 Further, the proposed sustainable budget is supported by £2.007m of reserves and £0.894m of Council Tax Freeze grant. Both of these funding sources are one-off in nature, and will need to be made good with sustainable resources into the medium term.
- 6.7 There is still a significant risk surrounding the level of as yet undeclared outstanding business rates appeals, and the assessment for a minimum reserve level has taken into account the potential for another safety net payment of £2.4m.
- 6.8 At a time of future austerity budgets and uncertain economic times, prudent use of reserves is advised in order to avoid sudden and significant impact on available funding.
- 6.9 A review of General, Capital and Earmarked reserves has identified that they should be sufficient to meet the Council's plans for 2014/15:
- That establishing a minimum General Reserve level of £(6.0)m should be sufficient to meet the Council's plans and responsibilities, taking into account potential emergencies and unexpected events, during 2014/15.
  - That the balance on the General Reserve at 1 April 2014 is expected to be £(8.7)m. After the budgeted use of £2.0m in 2014/15 the available balance for planning purposes at the end of March 2015 will be an estimated £(6.7)m.

## 7. MEDIUM TERM OUTLOOK

### Medium Term Forecast

7.1 Based on the budget assumptions listed at Annex B, the Council will need to reduce expenditure and/or increase income by £49.8m over the next three years, 2015/18.



7.2 The estimates include for:

- A 2% increase in the Council Tax rate and 0.5% average increase in the number of Band D equivalent properties available each year. Without this increase in Council Tax, the three year deficit would be an additional £6.1m to a total of £55.9m.
- Further Government funding reductions as currently advised totalling £24.6m, which is equivalent to a 31% Council Tax increase or around £107 per head of population.
- A small pay award of only 1% average per year. However, there are changes to pension and national insurance that will have a larger impact. The largest single impact will be the cancellation of the lower NI rate for those who have a company pension which will increase the employer's NI bill by 3.4% for the majority of employees, or £1.6m in 2016/17. To a lesser extent, the requirement to auto-enrol employees on the Local Government Pension Scheme unless they opt-out in writing, will increase the pension liability and without the benefit of the lower NI rate.
- Inflationary increases of £12.2m based on the rates currently advised by the Office for Budget Responsibility.

- Demography, or the number of social services clients and/or their increased need for services, has been provided for at £6.6m over the three year period. In addition, a further net £2m is estimated to be needed when regulations change in 2016/17 to cap the level of charge elderly clients need to contribute to their care.
- The costs of levies for waste disposal and transport services is not expected to rise as much as it has in the past, at a combined £3.0m.

7.3 In addition to the above funding and cost estimates, there are a number of other changes that will also affect the Council in the medium term:

- Income from discretionary services provided to schools has three areas of concern. Firstly Schools' budgets are increasingly becoming tighter as Government funding, whilst not a reduction, has little to no allowance for inflationary pressures. This will further encourage Schools to carry out wider market testing for their service provision. Lastly, more Schools are likely to move to Academy status over the next few years, and such Schools have a propensity to seek total independence from the Council. An additional effect of more Schools becoming Academies is the reduction in Education Support grant, which will reduce funding further and not necessarily in line with costs due to the stepped nature of overheads.
- Better Care Fund and Health Integration. In 2015/16 Councils will be funded to assist in reducing hospital costs by taking into the community those service clients who no longer need clinical care, but have other specialist needs that currently mean they take up hospital beds. Exactly how Councils and Health will work together to achieve overall cost reductions is a matter of considerable planning activity taking place nationally, but there is no guarantee that the scheme will be cost neutral or better for any or all parties.
- Economic recovery is likely to be sluggish when compared to the extent and speed of savings required, such that old or new income sources and revenue streams will lag behind the need for revenue. The 2014/15 proposals continue to contain for suppressed income, particularly in terms of rentals and investment interest. At best it is likely that there will be no further budget adjustments in 2015/16 of a similar nature required, but unlikely that a reversal of fortunes will play a major role in delivering savings unless the sustainable strength of the economy improves dramatically.
- Local Government may be taking the brunt of austerity measures, but it is not the only agency with reduced funding. The medium to long term effects of various public sector and voluntary sector agencies operating under austerity on the needs of residents is difficult to forecast, but may uncover further growing demand that falls upon the legal responsibilities of Councils to fulfil.

## **New Organisational Model**

- 7.4 Trafford has always been a low funded Council, both in terms of Government support and also because it has one of the lowest Council Taxes in the Country. Efficiency, economy and ensuring effectiveness for all monies spent has been a driving force behind all strategies and plans for over the last decade. This drive for Value for Money became even more of a priority when austerity budgets were introduced from July 2010, and the Council responded with two thirds of the significant budget deficits being deflected from impacting directly on service provision (see Annex A paragraphs 13 to 16).
- 7.5 For 2013/15 the Council engaged on a detailed two-year budget plan with remaining efficiency as the overarching target. It is not possible however to continue to deliver efficiencies of a high enough level to meet the very challenging reductions in Government support. Instead the Council has now initiated a three year detailed review of all expenditure and activity with a view to identifying and capitalising on any opportunities through delivering services via different operating models. Such opportunities include, but are not limited to, a number of New Organisational Model (NOM):
- Trading; on a small or large scale bringing in additional revenue to the Council or spreading the cost of overheads through trading with public, private and/or third sector organisations.
  - Joint Ventures; similar to trading, but bringing on board a capital injection from a partner organisation to deliver immediate efficiency or economy savings that could not be readily achieved alone.
  - Exposing some services to the open market to identify whether the Council or others are best placed to provide services at the best price, balancing service effectiveness with economy.
  - Trusts; or similar organisations which are better placed to bring new revenue streams and support to services, whether this is by something as simple as sponsorship or more cutting edge such as the use of social impact bonds.
  - Collaborate or share; overheads, capacity and talent with other public and/or private and/or voluntary sector organisations to maximise value.
- 7.6 High level business cases from the above activity will be reviewed by the Executive towards the end of March 2014, with a view to implementation work beginning from April so that as much saving as possible can be delivered or secured for the 2015/16 budget and 2015/18 Medium Term Financial Plan.
- 7.7 In addition to the above, and working alongside, are two other major initiatives which will draw upon the strategic capacity of the Council in the immediate to medium term; Public Service Reform and Health & Social care Integration.

## **Public Service Reform**

- 7.8 Greater Manchester has been a Government selected pilot area for Place Based Settlement work for the last two years. Place Based Settlement is a concept that by working in close harmony almost as a single entity, all public funded bodies in an area can work to deliver improved outcomes for residents and businesses at a lower cost, and therefore those bodies can determine where money is distributed to rather than Government Departments or Parliament.
- 7.9 At the heart of achieving this goal is Public Service Reform (PSR), which is a collection of initiatives or projects being undertaken to provide evidence that earlier, tailored intervention by one public body can reduce, deflect and even eliminate, the need for higher cost support services by other public bodies. In addition, by working together, public bodies can avoid duplication of intervention delivery, and ensure greater effectiveness by delivering interventions at the right time in the right order.
- 7.10 Such initiatives are not only restricted to the pilot areas, for example the national Troubled Families scheme, which is funded on a performance reward basis by the Government. The pilot areas do however take the national scheme to a higher level.

## **Better Care Fund, and Health & Social Care Integration**

- 7.11 To some extent building on the work of pilot areas on PSR on Health & Social Care Integration, a new national policy initiative through the Department of Health has been launched and is to be funded through the Better Care Fund (BCF). The BCF is made up of both Local Government and Health existing funds, and is targeted to the achievement of reducing costs by working together in a new way.
- 7.12 As mentioned above, BCF represents a risk as well as an opportunity for the Council, as it cannot be assured that the relative expenditure responsibilities and expectations of savings delivery will be balanced as hoped across partners. However, Trafford's history of multidisciplinary approach to complex needs, particularly with health agencies, probably makes it best placed to drive out and maximise on the opportunities available.
- 7.13 Social care expenditure is the single largest mandatory direct responsibility the Council has. The extent, nature of the scale of savings needed in the medium term will therefore be heavily reliant on the progress and change made in this area of service provision. There is relatively little difference between PSR and NOM in basic concept, however, it is that the driving force for change comes from, and has targeted funding from the Department of Health through the Clinical Commissioning Group, which adds a further dimension for achieving a successful partnership.

## 8. COUNCIL TAX REQUIREMENT and STATUTORY CALCULATIONS

### Budget Requirement

8.1 The Local Government Finance Act 1992, as amended by the Localism Act, requires the Council to make the following calculations:

- an estimate of the Council's gross revenue expenditure - Section 31A(2),
- an estimate of anticipated income - Section 31A(3),
- a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the **Council Tax Requirement**,
- a calculation of the Council's **Basic Amount of Council Tax**, calculated by dividing the **Council Tax Requirement** by the Taxbase (expressed in Band D's).

8.2 If the proposals in this budget report are agreed, the calculation for the 2014/15 Council Tax Requirement will be as follows:

LGFA 1992	Calculation of Council Tax Requirement & Basic Amount of Council Tax 2014/15	£
<b>S 31A(2)</b>	<b>Gross Expenditure</b>	
(a) – (f)	Service expenditure	407,037,228
<b>S 31A(3)</b>	<b>Gross Income</b>	
(a, c, d)	Fees, charges and specific grants	(252,485,306)
	Application of General Reserve	(2,007,000)
	<b>Budget Requirement (previous regulations)</b>	<b>152,544,922</b>
(b)	Revenue Support Grant	(40,300,615)
(b)	Retained Business Rates	(32,434,061)
(b)	Collection Fund surplus	(300,000)
<b>S 31A(4)</b>	<b>Council Tax Requirement</b>	<b>79,510,246</b>
	<b>Council Tax Base in Band D's</b>	<b>71,940</b>
	<b>Basic Amount of Council Tax</b>	<b>£1,105.23</b>

8.3 The Director of Finance approved the Council Tax Base (number of equivalent Band D properties in the borough) on 23 January 2014 at 71,940, which is a growth of 949 Band D equivalents on 2013/14.

### Council Tax Increases

8.4 The Secretary of State has set a threshold for the maximum increase in Council Tax before it is required to hold a referendum at 2.0%. Equally, the Government is offering a 2014/15 Council Tax compensation grant worth an estimated £(0.894)m or more to Trafford, which is equivalent to an above 1.1% increase.

- 8.5 For the fourth year running the Executive is proposing to Council not to increase the rate of Council Tax. Of the two major precepting bodies, GM Fire and Rescue Authority is proposing to freeze their element of the Council Tax, with GM Police & Crime Commissioner proposing to increase the relevant element by 1.99%.
- 8.6 Partington Town Council, at its meeting on 12 November 2013, elected to keep the level of Band D Council Tax at £42.50, the same as 2013/14. As a consequence of the introduction of the Council Tax Support Scheme, which replaced benefits, the Council provided an additional grant to Partington Town Council last year of £31,790, so that its overall funding would remain the same as in 2012/13. This was to give time for the Town Council to review their expenditure and funding requirements under the new regime. The Executive is minded, as part of these budget proposals, to continue to provide some level of grant to the Town Council and has set a level of £10,000 which is the grant adjustment received from the DCLG in respect of the Town Council for 2012/13 for the introduction of the CTSS scheme. The Council is not required to pass on this adjustment, and further, as the money has now been rolled into base RSG it is subject to austerity reduction.

### Council Tax Levels and Bandings

- 8.7 The overall Precepts and Council Tax levels for 2014/15 for Trafford properties are as follows:

Council Tax per precepting body	Precept Amount £	Council Tax Per Band D Property £	Council tax level Increase %
Trafford Services	79,510,246	1,105.23	0%
GM Police Authority (see note)	10,956,462	152.30	1.99%
GM Fire Authority (see note)	4,146,622	57.64	0%
<b>Total (excluding Partington)</b>	<b>94,613,330</b>	<b>1,315.17</b>	<b>0.23%</b>
Partington Precept	57,545	42.50	0%
<b>Total for Partington</b>		<b>1,357.67</b>	<b>0.22%</b>

Note: The Council Tax figures for the Office of the GM Police and Crime Commissioner and the GM Fire & Rescue Authority included above are the recommended amounts. At the time of writing neither body has yet made the formal decision to accept the proposals.



8.8 The council tax for 2014/15 for each of the eight valuation bands would be as follows:

**2014/15 Council Tax levels by valuation band (including major Precepts):**

Band	Valuation range (in 1991 prices)	Partington Council Tax £	All other areas Council Tax £
A	Up to £40,000	905.10	876.77
B	Over £40,000 and up to £52,000	1,055.97	1,022.91
C	Over £52,000 and up to £68,000	1,206.82	1,169.04
D	Over £68,000 and up to £88,000	1,357.67	1,315.17
E	Over £88,000 and up to £120,000	1,659.36	1,607.42
F	Over £120,000 and up to £160,000	1,961.07	1,899.68
G	Over £160,000 and up to £320,000	2,262.77	2,191.94
H	Over £320,000	2,715.34	2,630.34

Note: The Council tax figures for the Office of the GM Police and Crime Commissioner and the GM Fire & Rescue Authority included above are the recommended amounts. At the time of writing neither body has yet made the formal decision to accept the proposals.

**Referendum Trigger Calculation**

8.9 The Localism Act 2011 abolished Council Tax capping and replaced it with a requirement to hold a Council Tax Referendum if an authority wishes to increase its “Relevant Basic Amount of Council Tax” by an amount equal to or exceeding a level set out by the Government, which for 2014/15 is 2.0%.

8.10 The definition of “Relevant Basic Amount of Council Tax” was recently revised by the Local Audit and Accountability Act 2014 and is essentially the Basic Amount of Council Tax excluding Precepts but now including Levies. In 2013/2014, the calculation was modified by omitting from the calculation the Levies issued to or anticipated by the Council.

The calculation of the percentage change in “Relevant Basic Amount of Council Tax”, under the new definition, for Trafford Services is shown below :

	2013/14	2014/15
Council Tax Base	70,991	71,940
Council Tax Requirement with Levies (£)	78,461,383	79,510,246
Basic Amount of Council Tax (£)	1,105.23	1,105.23
<b>% increase in Basic Amount of Council Tax</b>	<b>0.0%</b>	<b>0.0%</b>

- 8.11 As the “Relevant Amount of Council Tax” has remained static between 2013/14 and 2014/15 and is subsequently below the threshold level of 2.0%, therefore there is no requirement to hold a Referendum.
- 8.12 For information, raising the Basic Amount of Council Tax by 1.99% would raise an additional sum of £(1.582)m.

## **9. CAPITAL PROGRAMME 2014/17 & TREASURY MANAGEMENT**

- 9.1 There are two, more detailed, papers elsewhere on the agenda regarding the Capital Investment Programme 2014/17, Prudential Indicators, and the Treasury Management Strategy. Members are requested to treat these papers as part of the overall budget bundle for the purposes of decision making. The following is an outline of the salient features of those reports.

### **Capital Investment Programme 2014/17**

- 9.2 The proposed Capital Programme for 2014/17 is expenditure of £83.2m, with £40.9m of this being undertaken during 2014/15. The programme is mostly funded by Government grant (72%), emphasising how sensitive expenditure is to movements in Government funding. The programme will allow for the following investments:

Additional primary school placements, £21.2m in 2014/15, £32.6m over three years, and

other investment in schools' infrastructure of £3.9m in 2014/15, £8.8m over three years.

Highways investment of £7.3m in 2014/15, and £22.9m over the three years allowing for the replacement of 65km of carriageway, 66km of footway and 750 new street lighting columns.

Investment in the local economy through the Borough's Town Centres of £0.8m in 2014/15 and £2.8m over the three years.

A variety of investments in social care of £2.3m in 2014/15 and £5.9m over three years, including grants and home assistance to allow elderly and/or disabled people live in their own homes for longer.

Homeowner grants to encourage more homes to be brought up to habitable standards of £0.150m in 2014/15 and £0.450m over three years.

Improvements to facilities at the Council's allotment sites of £0.050m in 2014/15 and £0.150m over three years, and

a contribution to the Greater Manchester scheme to bring broadband to rural areas in the County of £0.313m.

### **Treasury Management & Prudential Indicators**

- 9.3 The salient points of the papers elsewhere on the agenda are:
- Both investment and long term borrowing rates are expected to remain reasonably static
  - It is not envisaged that there will be new borrowing in 2014/15, but should it be required it is likely that the policy of borrowing from internal cash balances will continue
  - Some £2m of debt will be repaid, lowering the debt portfolio to £95m

- Cash balances are expected to remain broadly similar to the current year at around £50m
- There will be no significant changes to the Council's prudential indicators.

## **10. RECOMMENDATIONS**

The following recommendations are repeated on the Formal Council Tax Resolution to be distributed at Council (aka Green Sheets)

### **It is recommended that Council approve:**

- 10.1 The net Revenue Budget for 2014/15 at £154.552m, a decrease of £(4.451)m, or (2.8)%, when compared to the 2013/14 base budget of £159.003m;
- 10.2 The calculation of the Council Tax Requirement as summarised in Section 8 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Council);
- 10.3 That there is no increase in the proposed Council Tax level for Trafford related services in 2014/15 (valuation bands are detailed at Annex F);
- 10.4 The Fees and Charges for 2014/15, as set out in the booklet available on the Council's web site, be approved, including specifically :
  - Notice is given of the intent to increase allotment fees by 50p per week for a standard and additional concessionary plot, and a concessionary charge for a first plot to be increased by 25p per week, in 2015/16.
  - Approval is given to Corporate Directors and the Chief Finance Officer with the joint delegation to amend fees and charges during 2014/15 in the event of any change in the rate of VAT, as appropriate)
- 10.5 That the minimum level of General Reserve for 2014/15 be set at £(6)m, the same as in 2013/14 (Annex N);
- 10.6 That the overall Capital Investment Programme level of £84.2m be approved (as detailed in the Capital Investment Programme 2015/18 report attached) of which £41.9m relates to 14/15.
- 10.7 The Prudential Borrowing Indicators as set out in Appendix 1, page 10, of the attached Treasury Management Strategy.
- 10.8 The additional borrowing as detailed in paragraphs 17 and 18 of the Capital Investment Programme and Prudential Indicators 2014/17 report.
- 10.9 Delegated responsibility to the Director of Finance in consultation with the Executive Member for Finance to agree any further additions in respect of the AGMA Loans Fund in excess of the £1m provision.

### **In approving the above, that the Council, has taken into consideration:**

- 10.10 The objective assessment by the Director of Finance of the robustness of budget estimates and adequacy of the General Reserve (Annex N).
- 10.11 The Executive's response to the Scrutiny Committee recommendations to the budget proposals, which can be found elsewhere on the agenda.

10.12 The detailed report on the outcomes of the Staff and Trade Union Consultation which can be found on the agenda for the Employment Committee on 19 February 2014.

**Council also notes the following:**

10.13 The approval on 23 January 2014 under delegated powers by the Director of Finance of the Council Tax Base for 2014/2015 at 71,940 Band D equivalents. Along with the calculation of the estimated Council Tax surplus, sufficient to release £(300)k to support the Council's 2014/2015 revenue budget and a distribution of £(40.5)k and £(15.6)k representing the respective shares of the GM Police & Crime Commissioner and GM Fire and Rescue Authority.

10.14 That the Capital Investment Programme for 2015/2016 and 2016/2017 to be set at a notional £24.5m and £17.8m respectively.

10.15 The Council Tax figures included in the report for the Office of the GM Police and Crime Commissioner and the GM Fire & Rescue Authority are the recommended provisional amounts pending their formal approval.

10.16 The Treasury Management Strategy 2014/2017 detailed elsewhere on the agenda.

10.17 The base budget assumptions as set out in the Medium Term Financial Outlook as detailed in Annex B.

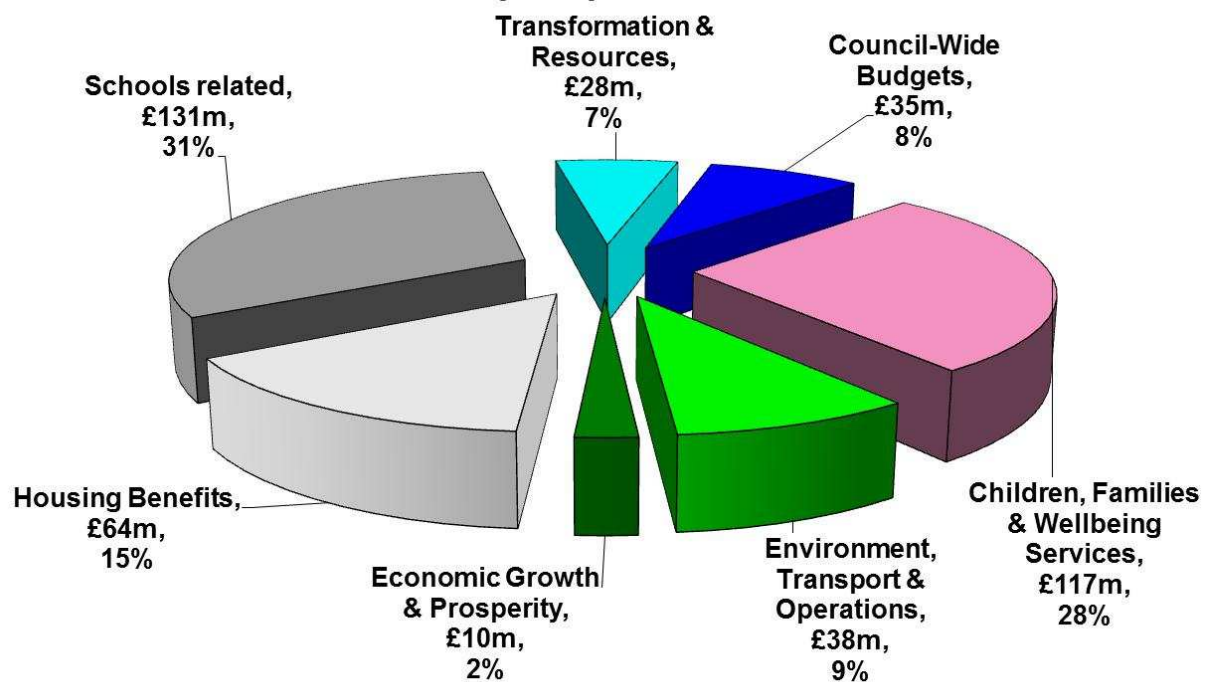
**BACKGROUND MATERIAL**

1. The following section outlines additional information to assist in understanding the Council's budget and finances, and can be summarised as:
  - 2013/14 total gross spend is £423m, however,
  - £131m relates to schools which is supported by ring-fenced Dedicated Schools Grant, and,
  - £64m is reimbursed benefit payments administered on an agency basis for the Government, therefore,
  - the discernable gross budget for the Council to consider is £228m.
  - Of this expenditure, £110m or 48% is funded by the Government, making the budget sensitive to changes in Government support.
  - Council Tax funds another £78m or 34%, but this source of income is controlled by a Government set threshold unless the Council receives a mandate from a referendum for additional increases.
  - The remaining £40m or 18% is from a variety of income sources, including investment income which is dependent upon investment rates, fees, charges and rental income which is dependent upon the economy.
  - The Council's current net budget is £159m, and is made up of the gross budget less specific Government grants and income sources.
  - The net budget is funded by Government general grant, £80m or 50%, Council Tax, £78m or 49% and to a small, and non-sustainable, extent from reserves £1m or 1%.
  - Of the total budget, some expenditures are more discernable than others. The Council is obliged to pay for past debt decisions, legally required to pay the levies from joint bodies within which the Council has limited influence, and is legally required to maintain a host of services at a mandatory minimum level.
  - Trafford is one of the lowest funded Council's in the country, receiving £45m less than it would if funded at the average level, and until recently it has also suffered disproportionately large reductions in funding.
  - However, the Council has been determined to prevent funding reductions from impacting on service delivery and has engaged on a number of efficiency initiatives which has delivered £70.5m of sustainable savings over an 11 year period. Over the five austerity budgets, two thirds of budget deficits have been diverted from impacting on direct service delivery.

The following paragraphs, diagrams and tables expand on the above summary.

## The Council's Gross Revenue Budget

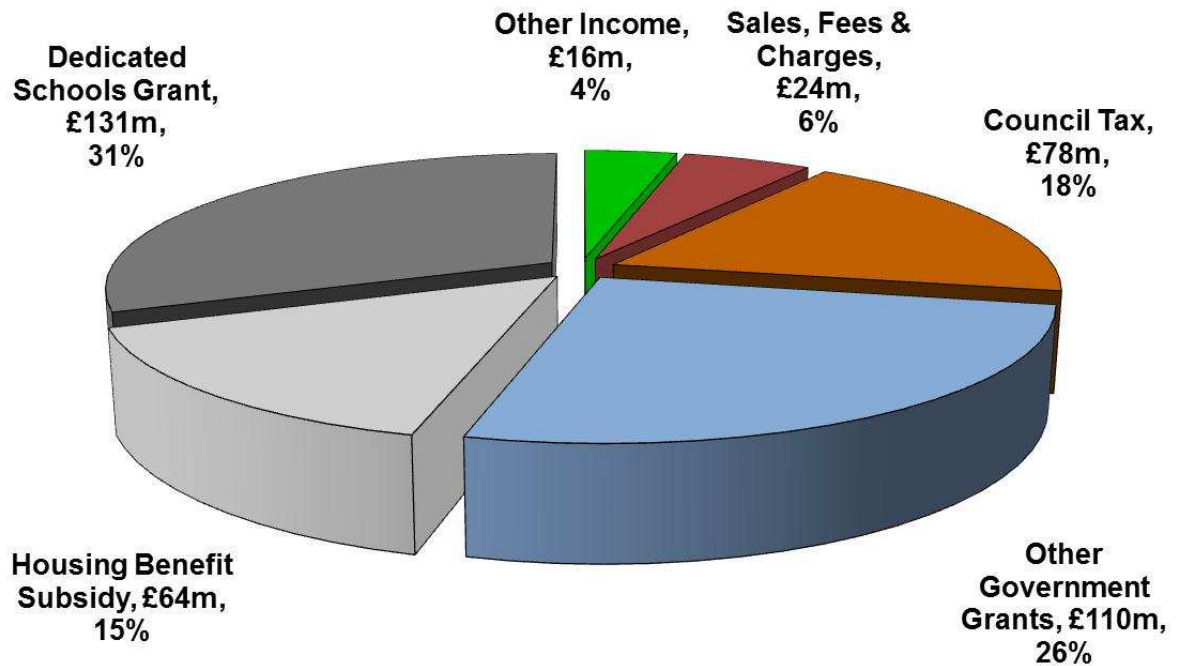
### Where the money is spent 2013/2014 - £423m



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

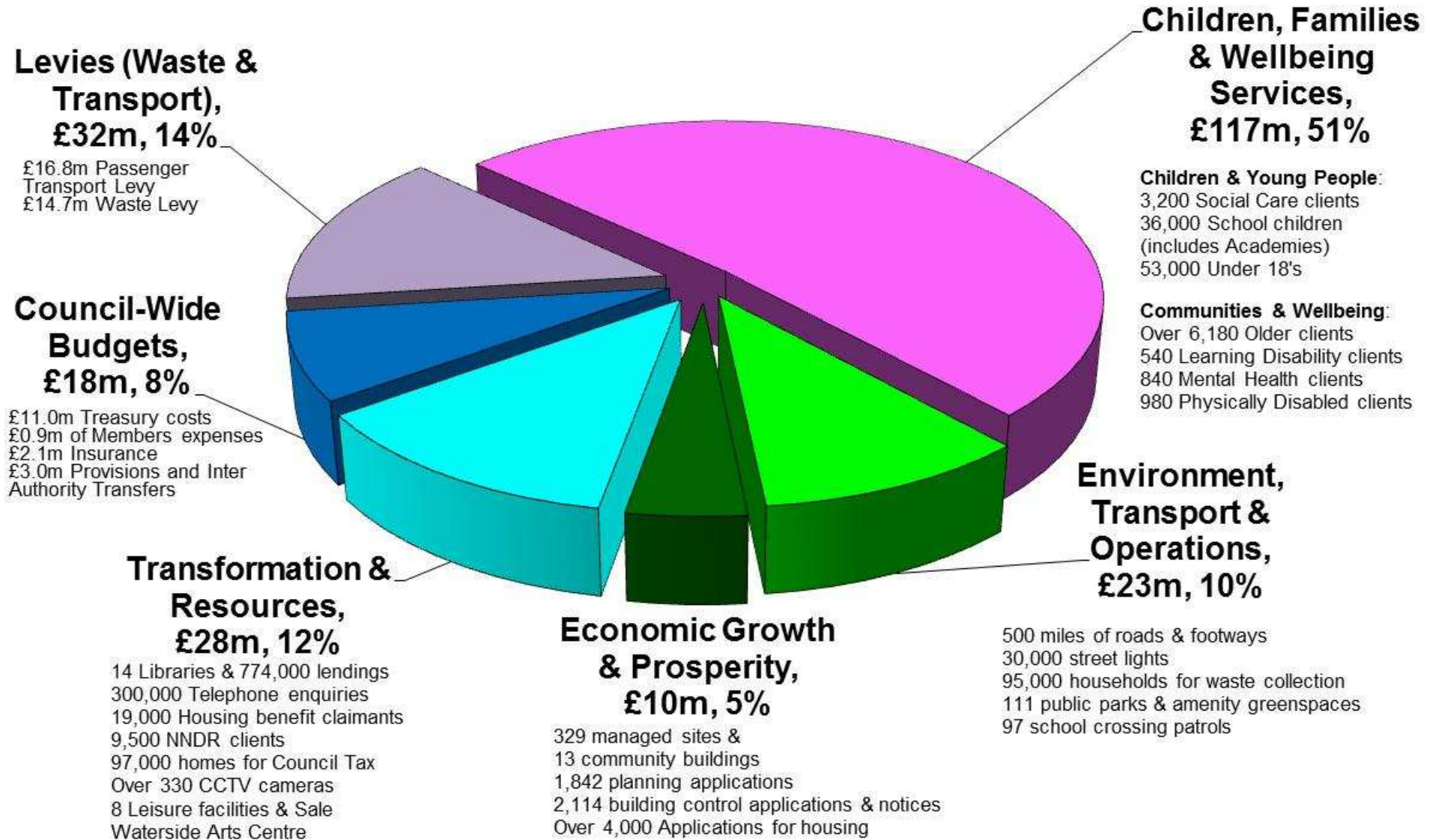


## Council Income Sources 2013/14 - £423m



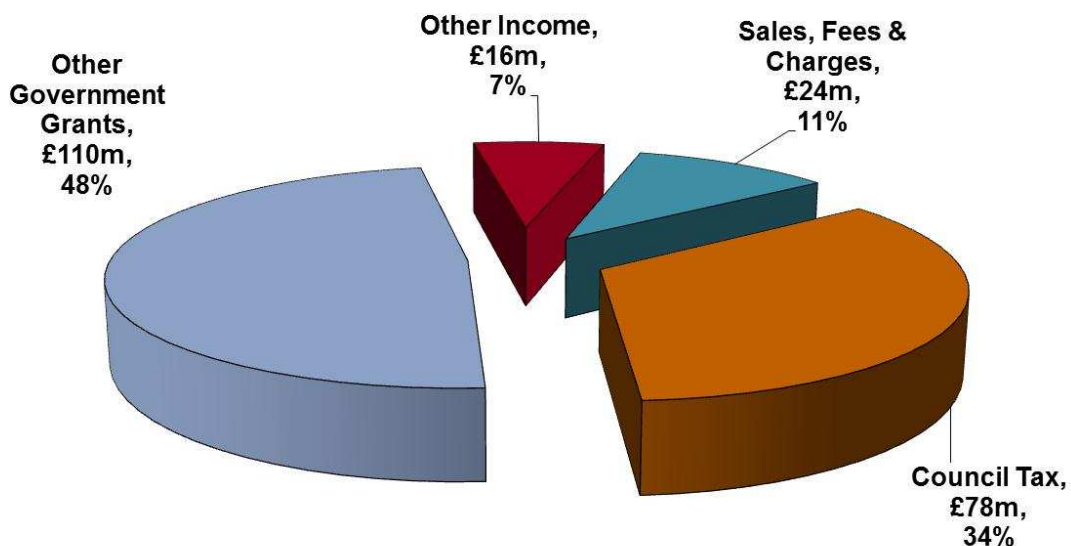
3. Not all services are funded in the same proportions from the various funding sources. In particular, school related expenditure is funded entirely from Government specific grants which cannot be used for any other purpose. The Government therefore dictates entirely the overall expenditure in this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

# Gross Expenditure by Service 2013/14 - £228m



4. Excluding Schools and Housing Benefits, the gross expenditure for which the Council determines the distribution of resources is £228m. However, the extent by which the Council can determine resource distribution is not uniform across services and functions:
- Many services must be delivered to a mandatory statutory minimum level and/or to those who meet the criteria. The Council is required to ensure that there are sufficient resources allocated to meet these forecasted demands. Services which the Council can choose to provide are known as discretionary services.
  - Some expenditure is legally or contractually required based on prior decisions, such as the revenue consequences of borrowing to fund capital expenditure. There are also services, such as Waste Disposal and Passenger Transport, which are operated at a Greater Manchester level, and whilst the Council has a shared influence on these services it does not have overall control.

### Council Income Sources 2013/14 - £228m



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

## Revenue Budget Gross to Net

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

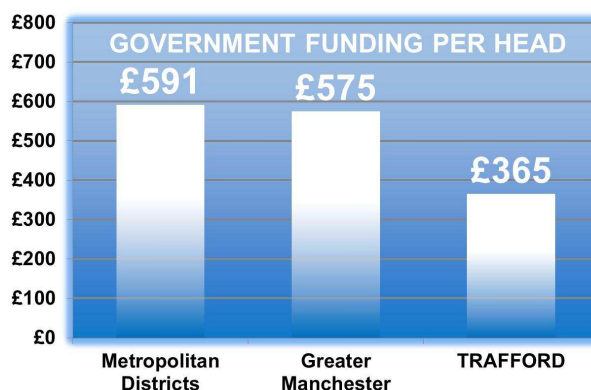
  

		<b>Controllable Services</b>
		<b>£135m</b>

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

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

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

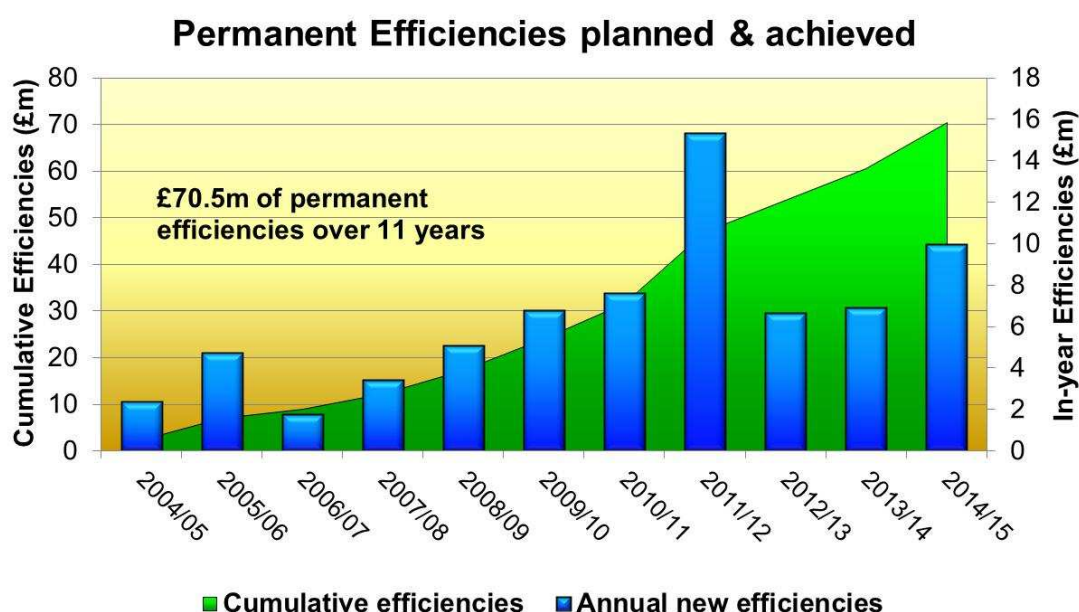


10. This historically low funding position has now been locked into base funding under the new business rates retention scheme. In addition, as Government funding is reduced as a consequence of austerity, the proportion of reduction has not been uniform across authorities with Trafford losing funding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

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

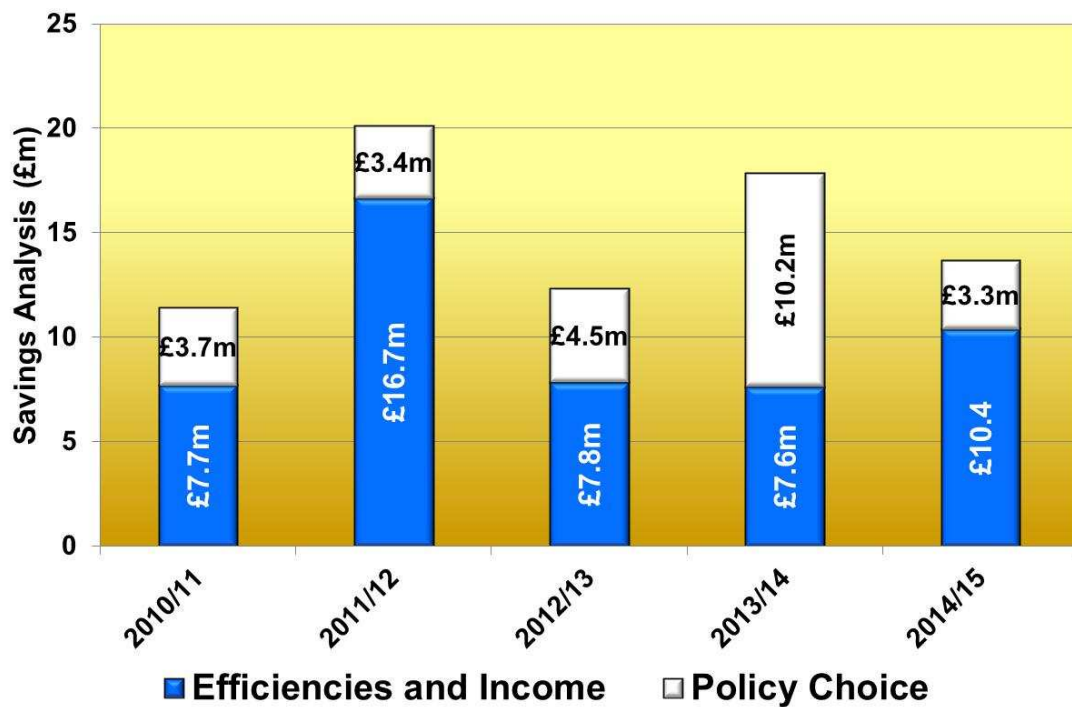
As calculated by DCLG, movement from adjusted 2012/13 notional base.

11. In 2013/14, Trafford's funding reduced at a greater rate than any of the other nine Metropolitan Districts in Greater Manchester, and also greater than the average for any type of authority in the Country. This compounded an already relatively low funding base even further.
12. Councils began to measure the successful long term implementation of efficiency savings in a prescribed way from 2004/05, in order to complete the Annual Efficiency Statement return to Government. The AES is no longer a requirement for authorities, however, Trafford has continued to record efficiencies in this way. Since 2004/05, the Council has delivered £(60.5)m of efficiencies, and a further £(8.2)m of efficiencies and £(1.8)m of staff terms and conditions savings is proposed for 2014/15. Together, this £(70.5)m is equivalent to 92% of the current Council Tax.



13. The level of efficiencies and the introduction of such tools as 3 year financial planning and the policies outlined in the medium term financial strategy has assisted the Council in meeting successive budget challenges.
14. In 2010/11 the newly elected Coalition Government introduced the first austerity budget with an emergency budget in July of that year. The traditional budget challenges of low funding and higher demands from inflation and growth in social services, have been made more difficult since then as Government funding has been withdrawn.

15. To meet this new challenge the Council has invested in dedicated internal capacity in terms of procurement, change and project management, and introduced a number of austerity measures.
16. Over the five years of austerity the Government will have withdrawn some £28.5m of funding, equivalent to around 36% of current Council Tax. This pressure is in addition to inflation, increases in client numbers and need, and the increasing cost of waste and transport levies. However, longer term planning and investment in dedicated capacity has enabled the Council to identify efficiencies and new income to avoid 67% of this total pressure from affecting front line services.



**Annex B**

**MEDIUM TERM FINANCIAL OUTLOOK - BASE BUDGET ASSUMPTIONS:**

<b>Base Budget Assumptions</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Service Expenditure</b>				
Pay	1.0% £0.8m	1.0% £0.8m	1.0% £0.8m	1.0% £0.8m
Pension inflation	+1.0% £0.6m	+0.8% £0.5m	+0.7% £0.4m	+1.0% £0.6m
Overtime becoming pensionable in 2014/15 Pension Auto-Enrolment effective from 1 Oct 2017	£0.1m			£0.3m
Cease 'contracted out' NIC rate in 2016/17			£1.6m	
Prices – General inflation (RPI)	3.0% £2.2m	3.4% £3.0m	3.6% £3.2m	3.8% £3.5m
Contract & Other inflation (e.g. energy)	£0.8m	£0.8m	£0.8m	£0.9m
Demography :	Young People	£1.4m	£0.5m	£0.5m
	Adults	£2.1m	£2.1m	£1.5m
Waste (GMWDA) Levy Escalator after 'smoothing'	£0.3m	£0.3m	£0.3m	£0.3m
Transport (GMCA) Levy increase	£0.0m	£0.0m	£0.9m	£1.0m
<b>Treasury Management &amp; Funding</b>				
Investment Rates	0.84%	0.89%	1.32%	1.70%
Debt Rates	4.5%	4.5%	4.5%	4.5%
Council Tax rate increase	0.0%	2.0%	2.0%	2.0%
Council Tax base increase	1.35%	0.5%	0.5%	0.5%
Freeze Grant 2014/15 @ 1.0%	£(0.9)m			
Reduction in Start-up Funding	8.7% £6.9m	13.6% £9.9m	9.5% £6.0m	9.2% £5.2m
Reduction in overall Government support	5.7% £5.9m	11.8% £11.5m	8.8% £7.5m	8.1% £6.3m



## GOVERNMENT FUNDING

Changes in government funding during 2014/15 has resulted in a £6.1m, or 5.9%, reduction to Trafford, equivalent to £26.39 per head of population of the borough. The changes in funding are detailed in the table below:

	Specific Grants (£000's)	Main Funding (£000's)	Total change (£000's)
<b>Funding ceasing</b>			
Local Welfare Fund	8		8
Localism Grants	5		5
Adoption Grant	109		109
Adjustment for the reclassification of Adoption Reform Grant to non-ringfenced	133		133
<b>Funding reducing</b>			
Government base funding:			
- Austerity reduction		7,352	7,352
- Adjustment for BRR safety net		142	142
- 2% cap on Business Rates – unfunded		74	74
- Returned capitalisation		(96)	(96)
KEEP Grant	20		20
Youth offending team	54		54
NHS Complaints Advocacy	57		57
Housing Benefit Administration	166		166
Early Intervention Grant		469	469
Council Tax Freeze 2011/12		12	12
<b>Funding increasing</b>			
Local Reform and Community Voices	(5)		(5)
Council Tax freeze 2013/14	(8)		(8)
Social Care / NHS Integration Grant	(164)		(164)
Public Health Reform	(285)		(285)
Education Support Grant	(68)		(68)
Adoption Reform Grant	(64)		(64)
Council Tax Annexes Policy Grant	(10)		(10)
Application of Staying in Care Grant	(50)		(50)
Learning Disability and Health Reform		(102)	(102)
<b>New funding</b>			
Council Tax Reform Grant	(114)		(114)
New Homes Bonus 2014/15 allocation	(425)		(425)
Council Tax freeze 2014/15	(894)		(894)
<b>Contra entries</b>			
New Homes Bonus Adjustments	160	(400)	(240)
2% cap on Business Rates – funded	(344)	344	0
Council Tax Freeze 2013/14	894	(894)	0
<b>Total Funding Change</b>	<b>(825)</b>	<b>6,901</b>	<b>6,076</b>

## BUSINESS RATES RETENTION SCHEME

### Background

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

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

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

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

#### **1 Baseline funding**

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

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

#### **2 Revenue Support Grant**

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

- Upper tier and lower tier funding
- Council tax compensation grant
- Council Tax Freeze grant 2013/14
- Learning Disability & Health Reform Grant

- Early Intervention Grant
- Local Flood
- Homelessness
- New local welfare provision - social fund

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

### Mechanics of the Scheme

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

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

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

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

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

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

The diagram below shows how the Government Baseline figure for Trafford is divided between the Government (tariff £42.5m plus central share £75.8m totalling £118.3m), Fire Authority (at 1% £1.5m) and the Council (remaining £31.8m). The diagram also demonstrates two scenarios, scenario 1 showing how a reduction in business rates of £1m would be divided between Government, Fire and Rescue Authority and the Council, scenario 2 shows how a growth of £1m will be divided.

**Scenario 1:  
Reduction in business rates  
£(1)m below baseline**

Central Share 50%	
Local share * 49%	Fire 1%

Government's share –  
£(0.500)m

Trafford's share – £(0.490)m

Fire share - £(0.010)m

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

**Government Baseline  
£151.6m**

Central Share 50%		
Tariff £(42.5)m	Local share 49%	Fire 1%

Government's share –  
£75.8m + £42.5m = £118.3m

Trafford's share –  
£74.3m - £42.5m = £31.8m

Fire share - £1.5m

**Scenario 2:  
Growth in business rates  
£1m above baseline**

Central Share 50%		
Fire 1%	Local share 24.5%	Levy 24.5%

Government's share –  
£0.5m + £0.245m = £0.745m

Trafford's share – £0.245m

Fire share - £0.01m

## Forecasting

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

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

## Pooling

Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their business rates. This is meant to benefit authorities by giving them scope to generate additional growth through collaborative effort, and to smooth the impact of volatility in rates income across a wider economic area. This approach was considered by a number of authorities in Greater Manchester and Cheshire, however due to the level of uncertainty and risk caused by appeals it was not considered viable.

## Appeals

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

All appeals are assessed by the Valuation Office Agency (VOA) making it difficult for the Council to estimate something they cannot control. The rateable value of property that is subject to appeal in Trafford is currently £137m or 36% of total rateable value. The table below shows how this has changed since January 2013.

	January 2013	March 2013	June 2013	September 2013
Rateable value of appeals	£178m	£150m	£156m	£151m
New appeals	£10m	£9m	£10m	£7m
Closed appeals	£38m	£29m	£15m	£20m
Carried forward	£150m	£156m	£151m	£137m

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

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

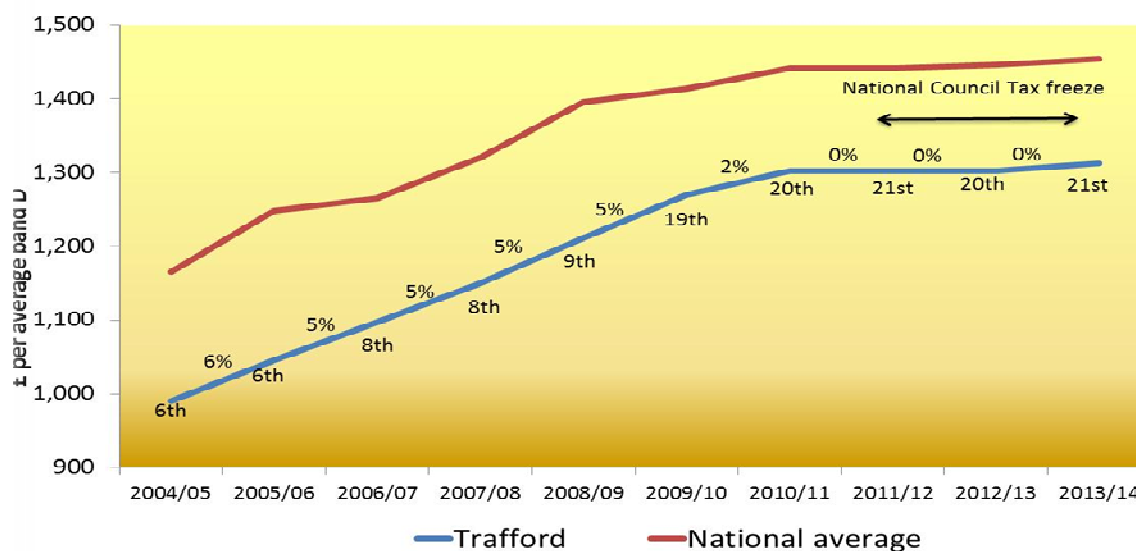
To account for these appeals authorities are given the option to either spread the cost over 5 years or make a full provision in year. Whilst guidance has been given to local authorities, accounting regulations are still outstanding resulting in further uncertainty. In addition to this there is also potential for a further provision in future years for new appeals, this is enhanced by the Chancellor's announcement in the Autumn Statement that they will aim to resolve 95% of outstanding appeals by July 2015.

### **Current position**

Since the introduction of the new system 10 months ago significant progress has been made to develop monitoring and forecasting techniques, this has led to Trafford estimating that a safety net payment will be required from government in 2013/14.

## COUNCIL TAX

Since 2005/06 and the introduction of the Council's first Medium Term Financial Strategy, it has been the policy of the Council to keep Council Tax low.



\* 2004/05 to 2008/09 out of 354 authorities. 2009/10 onwards out of 326 authorities

As can be seen in the above chart, since austerity budgets were introduced in 2010, the Government has encouraged Councils to freeze Council Tax levels. In 2013/14 the Trafford froze Council Tax for the third consecutive year at £1,105.23 per Band D property. The Police and Fire authorities for Greater Manchester increased their relevant Council Tax rates during 2013/14 by 3.46% and 9.48% respectively, which increased the overall 'doorstep' Council Tax bill for the Borough by £9.99 from £1,302.21 to £1,312.20.

Since 2011/12 the Government has incentivised freezing Council Tax by offering compensatory grants, and limited Council Tax increases by the use of thresholds over which an Authority would be legally obliged to hold a referendum. The table below summarises the compensation or freeze grants that have been offered and their degree of sustainability:

Year	Percentage basis of grant	Trafford Value (£m)	Sustainability
2011/12	2.5%	(2.201)	In base funding
2012/13	2.5%	(2.210)	One year only
2013/14	1.0%	(0.894)	In base funding
2014/15	1.0%	(0.894)	TBA

As a consequence of the slight increase in overall Council Tax charge, the Borough increased its ranking position from 20<sup>th</sup> to the 21<sup>st</sup> lowest Council Tax in the country but retained the ranking as the lowest Council Tax in the North West.

Authority	On the doorstep Council Tax * £	Rank
Westminster	681.01	1
Wandsworth	691.54	2
City of London	889.56	3
Hammersmith & Fulham	1,060.90	4
Kensington & Chelsea	1,085.58	5
<b>Trafford</b>	<b>1,312.20</b>	<b>21</b>
Manchester	1,379.24	46
Wigan	1,402.08	67
Tameside	1,416.64	86
Bolton	1,459.24	158
Bury	1,510.81	242
Salford	1,533.28	260
Rochdale	1,537.33	265
Oldham	1,599.92	312
Stockport	1,604.02	315

(\*) *On the doorstep Council Tax is the average Council Tax excluding Parish Precepts, including Fire and Police Precepts.*

## Council Tax Support Scheme

On 1 April 2013 the Council brought in a local Council tax Support Scheme which replaced the previous Council Tax Benefits system. In addition to replacing the benefits system with a support scheme there were two other challenges:

- The national control total was not just frozen but reduced by 10% at a time of increasing case loads. This 10% reduction in funding would either fall upon the budget, residents or a mix of both.
- Pensioners had to be protected from changes.

At a local level the Council also set goals to:

- Protect disabled people
- Protect parents of children under 5
- Introduce work incentives, such that those returning to work would not be penalised by losing Council Tax support for up to 8 weeks

In order to fund the shortfall and provide for work incentives the Council chose to change some of the property exemptions, however, there remained around £0.4m of additional Council Tax burden that fell upon previous non-pensioner benefit claimants.

The implementation of the scheme, alongside the many other welfare reform changes that have taken place, has been monitored closely during the year. The scheme has been quite a success with no reported additional hardships, no significant impact on tax collection, and no one falling into arrears as a consequence of the scheme. This has enabled a reduction in the support scheme for 2014/15 which appears as a saving in the main body proposals.



**COUNCIL TAX LEVELS by VALUATION BAND**  
(including precepts)

<b>Band</b>	<b>Valuation range (in 1991 prices)</b>	<b>Partington Council Tax £</b>	<b>All other areas Council Tax £</b>
A	Up to £40,000	905.10	876.77
B	Over £40,000 and up to £52,000	1,055.97	1,022.91
C	Over £52,000 and up to £68,000	1,206.82	1,169.04
D	Over £68,000 and up to £88,000	1,357.67	1,315.17
E	Over £88,000 and up to £120,000	1,659.36	1,607.42
F	Over £120,000 and up to £160,000	1,961.07	1,899.68
G	Over £160,000 and up to £320,000	2,262.77	2,191.94
H	Over £320,000	2,715.34	2,630.34

Note: The Council tax figures for the Office of the GM Police and Crime Commissioner and the GM Fire & Rescue Authority included above are the recommended amounts. At the time of writing neither body has yet made the formal decision to accept the proposals.

**Draft (base) Budget 2014/15**  
**Subjective Analysis**

	CFW (£000's)	ETO (£000's)	EGP (£000's)	T&R (£000's)	Council- wide (£000's)	Total (£000's)
<b>Budget Brought Forward</b>	<b>83,193</b>	<b>29,192</b>	<b>3,253</b>	<b>20,305</b>	<b>23,060</b>	<b>159,003</b>
Net Inflation	2,518	1,035	318	637	16	<b>4,524</b>
Levies		743			(22)	<b>721</b>
Legislative; Grant / Service Transfers	(240)			65	(650)	<b>(825)</b>
Investment Interest (inc airport dividend) & Tax					119	<b>119</b>
Debt Management					(99)	<b>(99)</b>
Demographic (Quantitative)	3,533				49	<b>3,582</b>
Governance / Compliance	77	55		103	(118)	<b>117</b>
Other Unavoidable Business Consequences	100	566	243	90	0	<b>999</b>
<b>Total Pressures (excl new investment)</b>	<b>5,988</b>	<b>2,399</b>	<b>561</b>	<b>895</b>	<b>(705)</b>	<b>9,138</b>
Service Improvement/New Services				70		<b>70</b>
<b>Total New Cost Pressures</b>	<b>5,988</b>	<b>2,399</b>	<b>561</b>	<b>965</b>	<b>(705)</b>	<b>9,208</b>
Cashable Efficiencies	(6,640)	(645)	(258)	(2,385)	(23)	(9,951)
New Income	(103)	(250)	(80)	0	0	(433)
Policy Choice	(714)	(1,868)	(52)	(621)	(20)	(3,275)
<b>Total New Cost Reductions</b>	<b>(7,457)</b>	<b>(2,763)</b>	<b>(390)</b>	<b>(3,006)</b>	<b>(43)</b>	<b>(13,659)</b>
<b>Net Budgetary Effect of Proposals</b>	<b>(1,469)</b>	<b>(364)</b>	<b>171</b>	<b>(2,041)</b>	<b>(748)</b>	<b>(4,451)</b>
<b>Proposed Draft Base Budget for Year</b>	<b>81,724</b>	<b>28,828</b>	<b>3,424</b>	<b>18,264</b>	<b>22,312</b>	<b>154,552</b>
	(1.8)%	(1.2)%	5.3%	(10.1)%	(3.2)%	(2.8)%

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

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<b>Children, Families &amp; Wellbeing</b>								
<b><u>Education Portfolio</u></b>								
Dedicated Schools Grant:	0	0	0	0	0	0	0	0.0%
Education & Early Years Support Services	6,934	657	(276)	(131)	(490)	6,694	(240)	(3.5%)
<b>sub total</b>	<b>6,934</b>	<b>657</b>	<b>(276)</b>	<b>(131)</b>	<b>(490)</b>	<b>6,694</b>	<b>(240)</b>	<b>(3.5%)</b>
<b><u>Supporting Children &amp; Families Portfolio</u></b>								
Children's Social Services	14,974	1,423	(800)	(280)	(20)	15,297	323	2.2%
Children with Complex & Additional Needs	2,030	174	(202)	(66)	0	1,936	(94)	(4.6%)
Commissioning	1,726	41	(59)	(21)	0	1,687	(39)	(2.3%)
Multi Agency Referral & Assessment Service (MARAS)	1,489	169	(111)	(64)	0	1,483	(6)	(0.4%)
Youth Service	1,404	6	(2)	(14)	0	1,394	(10)	(0.7%)
Youth Offending Service	527	54	0	(21)	(204)	356	(171)	(32.4%)
Children's Centres	2,213	0	0	(59)	0	2,154	(59)	(2.7%)
<b>sub total</b>	<b>24,363</b>	<b>1,867</b>	<b>(1,174)</b>	<b>(525)</b>	<b>(224)</b>	<b>24,307</b>	<b>(56)</b>	<b>(0.2%)</b>

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<b>Adult Social Services Portfolio</b>								
Older Peoples Services *	20,190	1,594	(2,336)	(292)	0	19,156	(1,034)	(5.1%)
Physical Disabilities	4,194	221	(203)	(38)	0	4,174	(20)	(0.5%)
Equipment & Adaptations	801	0	0	0	0	801	0	0.0%
Learning Disabilities	20,023	1,589	(518)	(264)	0	20,830	807	4.0%
Mental Health	3,416	13	(386)	(25)	0	3,018	(398)	(11.7%)
Other Adult Services	746	14	(100)	(29)	0	631	(115)	(15.4%)
Support Services	896	20	0	(27)	0	889	(7)	(0.8%)
Adaptations	(52)	3	0	(6)	0	(55)	(3)	(5.8%)
Housing Services	1,247	0	(399)	0	0	848	(399)	(32.0%)
Community Services	251	7	0	(11)	0	247	(4)	(1.6%)
Equality & Diversity	184	3	0	(3)	0	184	0	0.0%
<b>sub total</b>	<b>51,896</b>	<b>3,464</b>	<b>(3,942)</b>	<b>(695)</b>	<b>0</b>	<b>50,723</b>	<b>(1,173)</b>	<b>(2.3%)</b>
<b>Community Health &amp; Wellbeing Portfolio</b>								
Public Health	0	0	0	0	0	0	0	0
<b>sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Children, Families &amp; Wellbeing</b>	<b>83,193</b>	<b>5,988</b>	<b>(5,392)</b>	<b>(1,351)</b>	<b>(714)</b>	<b>81,724</b>	<b>(1,469)</b>	<b>(1.8%)</b>

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<b>Environment, Transport &amp; Operations</b>								
<b><u>Highways &amp; Environment Portfolio</u></b>								
Highways & Network Management, incl. Traffic & Transportation	5,015	599	(193)	(28)	(451)	4,942	(73)	(1.5%)
School Crossing Patrols	506	7		(4)	0	509	3	0.6%
Parking Services & Enforcement	(133)	73	(182)	(6)		(248)	(115)	(86.5%)
Groundforce	4,618	453	(29)	(27)	(678)	4,337	(281)	(6.1%)
Bereavement Services	(997)	12	(102)	(3)		(1,090)	(93)	(9.3%)
Sustainability & Greenspace	460	10	(1)	(3)	(107)	359	(101)	(22.0%)
Waste Management (excl. WDA Levy)	5,138	271	(167)	(5)	(100)	5,137	(1)	(0.0%)
Waste Levy	13,523	743	(50)		(350)	13,866	343	2.5%
Public Protection	833	100	(1)	(41)	(182)	709	(124)	(14.9%)
Directorate Strategy & Business Support	484	8	(102)	(11)		379	(105)	(21.7%)
<b>sub total</b>	<b>29,447</b>	<b>2,276</b>	<b>(827)</b>	<b>(128)</b>	<b>(1,868)</b>	<b>28,900</b>	<b>(547)</b>	<b>(1.9%)</b>
<b><u>Operational Services for Education (Catering, Cleaning, Transport)</u></b>	<b>(255)</b>	<b>123</b>	<b>(8)</b>	<b>68</b>	<b>0</b>	<b>(72)</b>	<b>183</b>	<b>71.8%</b>
<b>Total Environment, Transport &amp; Operations</b>	<b>29,192</b>	<b>2,399</b>	<b>(835)</b>	<b>(60)</b>	<b>(1,868)</b>	<b>28,828</b>	<b>(364)</b>	<b>(1.2%)</b>

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<b><u>Economic Growth &amp; Prosperity Portfolio</u></b>								
Asset Management	1,080	422	(136)	(25)	(52)	1,289	209	19.4%
Planning & Building Control	119	37	(55)	(13)	0	88	(31)	(26.1%)
Strategic Planning & Development	555	19	(34)	(7)	0	533	(22)	(4.0%)
Economic Growth	696	17	(27)	(11)	0	675	(21)	(3.0%)
Housing Strategy	560	60	(19)	(5)	0	596	36	6.4%
Directorate Strategy & Business Support	243	6	0	(6)	0	243	0	0.0%
<b>Total Economic Growth &amp; prosperity</b>	<b>3,253</b>	<b>561</b>	<b>(271)</b>	<b>(67)</b>	<b>(52)</b>	<b>3,424</b>	<b>171</b>	<b>5.3%</b>
<b><u>Transformation and Resources Portfolio</u></b>								
Legal & Democratic	1,885	145	(61)	(39)	0	1,930	45	2.4%
Communication & Customer Services	6,865	262	(443)	(110)	(116)	6,458	(407)	(5.9%)
Partnerships & Performance	2,741	80	(557)	(28)	(132)	2,104	(637)	(23.2%)
Strategic Human Resources	2,331	73	(232)	(104)	0	2,068	(263)	(11.3%)
Corporate Leadership & Support	367	8	(2)	(5)	0	368	1	0.3%
<b>Total Transformation and Resources</b>	<b>14,189</b>	<b>568</b>	<b>(1,295)</b>	<b>(286)</b>	<b>(248)</b>	<b>12,928</b>	<b>(1,261)</b>	<b>(8.9%)</b>

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<b><u>Safe, Strong Communities Portfolio</u></b>								
Culture & Sport	2,172	79	(280)	(20)	(232)	1,719	(453)	(20.9%)
<b>Total Safe , Strong Communities</b>	<b>2,172</b>	<b>79</b>	<b>(280)</b>	<b>(20)</b>	<b>(232)</b>	<b>1,719</b>	<b>(453)</b>	<b>(20.9%)</b>
<b><u>Finance Portfolio</u></b>								
Finance Services	3,944	318	(355)	(149)	(141)	3,617	(327)	(8.3%)
Precepts, Levies & Subscriptions	17,852	(18)	0		0	17,834	(18)	(0.1%)
Provisions	1,742	47	(125)		0	1,664	(78)	(4.5%)
Treasury Management	8,366	20	0		0	8,386	20	0.2%
Insurance	659	115	0		0	774	115	17.5%
Members Expenses	944	16	0	0	(20)	940	(4)	(0.4%)
Other Centrally held budgets	322	(77)	(15)	117	0	347	25	7.8%
Specific Grants	(6,825)	(808)	0		0	(7,633)	(808)	(11.8%)
<b>Total Finance</b>	<b>27,004</b>	<b>(387)</b>	<b>(495)</b>	<b>(32)</b>	<b>(161)</b>	<b>25,929</b>	<b>(1,075)</b>	<b>(4.0%)</b>
<b>Total All Services</b>	<b>159,003</b>	<b>9,208</b>	<b>(8,568)</b>	<b>(1,816)</b>	<b>(3,275)</b>	<b>154,552</b>	<b>(4,451)</b>	<b>(2.8%)</b>

## **Children, Families and Wellbeing**

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

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

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

The Directorate core business functions are:-

### **Children and Young People's Service (CYPS)**

#### **Service Description**

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

#### **Service Performance**

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

- 88% of Trafford Schools are rated as good or better by Ofsted compared to 66% nationally and 49% of Trafford Schools are rated outstanding compared to 26% nationally.
- Trafford's Primary Schools have demonstrated excellent results with the percentage of 11 year olds achieving level 4+ in English and Maths which is the second highest in the country. Educational attainment at secondary level is also exceptionally high.
- Trafford has the lowest proportion of 16-18 year olds who are not in employment, education or training in Greater Manchester.



- Multi-systemic therapy for children at risk of custody or entering care has had a 93% success rate in helping young people stay with their family.
- Trafford is a national pathfinder for the Single Education, Health and Care Assessment Model for children with complex needs.

### **Approach to the Budget**

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

- Integration with health
  - Market efficiencies and value for money
  - Management of Demand
  - Personalisation
  - Promoting independence
- These key overarching principles have been further strengthened by the more detailed principles set out in the specific Children and Young Peoples Service Vision 2015; these service specific principles are:-
    - To work to meet the needs of all children and young people in Trafford, but with a key focus on the needs of those who are most vulnerable.
    - To endorse the value of family and to work in partnership to enable strong and resilient families to promote the best outcomes for children whilst always maintaining and focusing on the needs of the child or young person.
    - To work in an outcome focused way and seek to maximise agreed outcomes for children, young people and families through effective assessment, planning and quality service delivery.

The proposals for Children's Services are as follows:

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

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

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

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

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

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

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

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

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

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

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

## Budget Movement Summary 2014/15

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

Directorate	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	31,297	
Additional Resources to meet Pressures:		
- Pay Related Inflation	403	
- Contract Related Inflation	564	
- Specific Grant Reductions	157	
- New or Increased Specific Grants	(133)	
- Demographic	1,433	
- Other	100	
<b>Total new resources allocated</b>	<b>2,524</b>	
Resource Reallocations through:		
- Efficiencies	(1,350)	CFW 1 – 6, 7(50%) & 8(50%), 20, 21
- New or Increased Income	(100)	CFW 26
- Policy Choices	(714)	CFW 27 – 33
- Terms & conditions	(656)	Annex M
<b>Total new resources allocated</b>	<b>(2,820)</b>	
Net Year-On-Year Change	(296) (0.9)%	
<b>Net Budget Proposal</b>	<b>31,001</b>	

## **Adult Services**

### **Service Description**

#### **Adult Social Care**

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

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

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

### **Service Performance**

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

- 57% of eligible service users and carers with Personal Budgets.
- Everyone who needs a social care service is now offered re-ablement. This has been extremely successful with an average reduction of 79% less services needed at the end of the re-ablement period compared to the level of need at the beginning. In addition, 78% of people successfully completing a period of community reablement require no on-going service on completion.
- The number of delayed transfers of care from hospital that are attributable to adult social care has reduced by 32% from April – December 2013. The number of permanent admissions to residential and nursing care decreased by 10% from April 2012 to April 2013.
- The number of new people aged 65+ receiving telecare in year to December 2013 has increased by 44% when compared with the same period last year. This is in the context of the Telecare Pledge – a commitment to provide free telecare for one year to people living in Trafford aged 80+ with support needs.
- 47% of people accessing Ascot House for reablement intervention return to their home environment on discharge, evidencing success in diversion from long term residential and nursing care.
- In the annual Adult Social Care User Survey 68% of people said that they were “extremely or very happy” with the services they had received, placing Trafford within the top quartile both regionally and nationally.

## **Approach to the Budget**

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

- Integration with health
- Market efficiencies and value for money
- Management of Demand
- Personalisation
- Promoting Independence

The proposals for Adult Services are as follows:-

In 2012 we consulted on a range of proposals. Due to the nature of these proposals a full and robust consultation exercise was undertaken to ensure that the views of all key stakeholders informed the final budget decision-making process. The consultation also provided valuable information and data to further strengthen our Equality Impact Assessments. The outcome of this exercise was that proposals were agreed and implemented in 2013/14 and will continue to take effect in 2014/15. These proposals are:

- Mental Health
- Day support
- Advocacy
- Support for carers
- Charging for community care services
- Katherine Lowe residential care home
- Support for people with learning disabilities
- Community meals service
- Pre-paid cards
- Public health
- Supported living
- Supporting People

In addition to these proposals and the further implementation of general market efficiencies, we need to make further changes to balance our budget for next year to achieve savings of £4.3 million during 2014-15. The additional proposals for 2014 are as follows

## **1 Ascot House:- The Proposal**

The Operational Directorate within Children, Families and Wellbeing is integrating with Trafford Provider Services, part of Pennine Care NHS Foundation Trust, the local community health service for adults. The new service will ensure better experience and outcomes for customers whilst also reducing duplication and diverting people from inappropriate admission to hospital and residential care. The aim is to enhance this service for future users. There will be no impact from this proposal on people presently using Ascot House.

**Savings Target: £100,000**

## **2 Transport:- The Proposal**

Develop a transport policy which clearly establishes Trafford's key principles to:

- providing transport;
- rolling out personalisation with the transport market;
- developing a person led reablement model which regularly reviews individuals who use transport.

The policy will also explore how the Council will ensure that individuals in receipt of mobility allowance use it appropriately. There may be a change in how people are supported as a result of this proposal. We will engage with groups and individuals using these services, and their carers, to develop the policy.

**Savings Target: £200,000**

## **3 Telecare:- The Proposal**

Savings will be made through reviewing all care packages and implementing Telecare to reduce other costs. This will be through the use of new equipment not available at previous reviews and through targeting areas where Telecare referrals have been low. Linking to Telehealth with the CCG will enhance the Trafford Telecare offer and will produce efficiencies in the programme. Review of other equipment services will produce increased efficiencies and savings. The aim is to increase the use and benefits of Telecare and equipment.

**Savings Target: £400,000**

## **4 Reablement:- The Proposal**

The Adult Social Care Operational Directorate within Children, Families and Wellbeing is integrating with Trafford Provider Services, part of Pennine Care NHS Foundation Trust, the local community health service for adults. The new service will ensure better experience and outcomes for customers while also reducing duplication and diverting people from inappropriate admission to hospital and residential care.

The aim is to improve reablement for more people. There will be no impact from this proposal on people presently using the service.

**Savings Target: £200,000**

## Budget Movement Summary 2014/15

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

Directorate	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	51,896	
Additional Resources to meet Pressures:		
- Pay Related Inflation	335	
- Contract Related Inflation	1,216	
- Specific Grant Reductions	57	
- New or Increased Specific Grants	(454)	
- Demographics	2,100	
- New Statutory Responsibilities	210	
<b>Total new resources allocated</b>	<b>3,464</b>	
Resource Reallocations through:		
- Efficiencies	(3,939)	CFW 7(50%) & 8(50%), 9 - 19, 22 - 24
- New or Increased Income	(3)	CFW 25
- Policy Choices	-	
- Terms & conditions	(695)	Annex M
<b>Total resources allocated</b>	<b>(4,637)</b>	
Net Year-On-Year Change	(1,173) (2.3)%	
<b>Net Budget Proposal</b>	<b>50,723</b>	

## **Public Health Service Summary**

### **Service Description**

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

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

The mandated public health services for the local authority are:

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

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

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

### **Service Performance**

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



## **Approach to the Budget**

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

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

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

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

The proposals for Public Health are as follows:-

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

## Children, Families and Wellbeing – Schedule of Savings

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	E	1	Education Support	Service review and amended funding sources	Efficiency	(100)	Review of the business support functions and realignment of funding sources in line with their responsible areas of school admissions, capital development, governor services and educational psychology.
CFW	SCF	2	Children's Social Care	Children in Care Placements	Efficiency	(480)	Savings for 2014-15 are deliverable based on flexible management of all the placement budgets for children in care. There is still significant risk if demand for new placements increases beyond the current predictions. Savings are predicated on continued increase of in house carers and reduction in agency placements. The recruitment strategy for foster carers is comprehensive and numbers have increased as a result.
CFW	SCF	3	Children's Social Care	Reducing cost of Homelessness provision for Young People	Efficiency	(50)	There has been a reduction in the costs of homeless provision through the implementation of the accommodation strategy and redesign of the offer for young people through supporting people. This is a demand led budget and an appropriate response to meet the need of young people who are homeless will be required so there could be a deliverability risk.
CFW	SCF	4	Multi Agency Referral & assessment Service	Reduction in cost of MARAS	Efficiency	(50)	A revised approach to assessments for children who have special educational needs is being tested out as part of our work as a national pathfinder and will allow us to provide a more efficient delivery model through integration. Savings are deliverable with limited risk.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	SCF	5	Commissioning	Market Management	Efficiency	(350)	Management of inflation will provide the majority of the saving and should not have a service impact but could be challenging for providers. Revised early help and complex needs frameworks will also release savings and should not have a significant impact on service delivery.
CFW	SCF	6	Complex and Additional Needs (CAN) services	CAN/LD services	Efficiency	(50)	Efficiencies arising from integration with health and further staffing reviews following the implementation of personalisation.
CFW	ASS, SCF	7	All services	Personalisation agenda	Efficiency	(50)	Greater use of personal budgets for adults and children's services building on the current programmes in both areas.
CFW	ASS, SCF	8	Commissioning	CYPS/CWB commissioning integration	Efficiency	(40)	Efficiencies arising from integration of Children's and Adults commissioning functions.
CFW	ASS	9	Older Peoples Services	Extension of use of pre-paid cards for distribution of Personal Budgets	Efficiency	(40)	Extend use of pre-paid cards for delivery of personal budgets and introduce eligibility criteria to establish if people require additional accountancy services or can use a pre-payment card. This will lead to a reduction in Council spend on accountancy fees and achieve £40k savings
CFW	ASS	10	Learning Disabilities	Retendering of schemes and reducing cost of high value placements	Efficiency	(150)	Will require substantial commissioning and operational input to deliver changes, including significant service redesign over new service models.
CFW	ASS	11	Learning Disabilities	Implement Personal Budgets for transport provision	Efficiency	(200)	Establish a clear transport policy against which service users can be assessed. Use of personal budgets and transport training to replace existing service model. Will require substantial operational and commissioning input to deliver change, including targeted consultation.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	12	Mental Health	Implement Personal Budgets	Efficiency	(50)	Extend use of personal budgets into service. This will reduce spend on more expensive, traditional services such as residential care
CFW	ASS	13	Older Peoples Services	Efficiencies in the running costs of Ascot House	Efficiency	(100)	Integration with Trafford Provider Services (TPS) will deliver efficiencies through more effective use of resources. TPS will contribute towards running cost of Ascot House.
CFW	ASS	14	Older Peoples Services	Enhanced Reablement offer delivering reduced on-going demand for services	Efficiency	(500)	Offering an enhanced reablement service to reduce the costs of home care packages.
CFW	ASS	15	Older Peoples Services	Enhanced Telecare offer delivering reduced demand for services	Efficiency	(400)	Reducing the cost of current care packages through the use of Telecare. Links to Telehealth will enhance the offer. (telecare delivers very successful cost diversion, rather than reduction in existing homecare or residential budgets)
CFW	ASS	16	Council Wide	Efficiencies in Council wide delivered Advice and Information services	Efficiency	(150)	Second year of the review of services delivered by the Council with a collaborative approach with partner organisations

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	17	All adult social services	Efficiencies in functions shared between the Council and Public Health	Efficiency	(850)	Align existing resources with the Public Health function to avoid duplication and maximise impact.  The Public Health ring-fence criteria supports the alignment of children's and adults activity where the main focus is on the promotion of independence, resilience and general well-being. In addition, the identified activity and its appropriate alignment to the ring-fence criteria is further strengthened where it reflects the priorities outlined in the Health and Wellbeing Strategy, as agreed by the Health and wellbeing Board. Such activities include services which focus on early intervention, such as Information and Advice, Assessment and Reablement, support for Carers, Drugs and Alcohol activities, day support opportunities. The activities excluded are services which support people with complex enduring needs and are about maintenance rather than prevention, such as residential care for Children and Adults and Nursing Care.
CFW	ASS	18	All adult social services	Market Management	Efficiency	(533)	Managing the Market to ensure maximum value for money in relation to externally commissioned services for vulnerable adults.
CFW	ASS	19	All adult social services	Reduction in running costs equal to general inflation provision	Efficiency	(422)	Requires input from all budget holders and staff and procurement to deliver reduction either by reduced cost or volume. This is for services excluding residential and homecare rates.
CFW	E	20	Support to Children and Young People	Home To School Transport	Efficiency	(100)	Efficiency savings from retendering of contracts for SEN transport provision, review of application of eligibility criteria and allocation of resources, and further development of alternative travel options.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	SCF	21	Complex and Additional Needs	Reduction in Placement Budgets	Efficiency	(125)	Extension of personalisation delivering efficiencies in placement costs. Savings will mainly arise from a reduction in residential costs and a move to family based respite care or support plans
CFW	ASS	22	Older Peoples Services	End external provision of Day Centres and replace with Personal Budget provision	Efficiency	(50)	Extend use of personal budget for day care provision to increase individual's choice and control.
CFW	ASS	23	Older Peoples Services	End current contract arrangements for Carers Services and replace with Personal Budget provision	Efficiency	(50)	Decommission the current externally commissioned service. Support extension of carers' personal budgets and deliver savings in provision.
CFW	ASS	24	Housing Services	New service plan for Older Peoples, Social Inclusion and Young Peoples services funded through Supporting People	Efficiency	(399)	Second phase of Supporting People transformation programme ends the contribution towards community alarms in sheltered and category 1 housing which represents year 2 of the budget proposals for which we have completed consultation process.
<b>Efficiency sub-total</b>						<b>(5,289)</b>	
CFW	ASS	25	All adult social services	Inflationary increase for rents	Income	(3)	Inflationary increase in rents charged for supported living houses.
CFW	SCF	26	Children's Social Care	Income from provision of adopters	Income	(100)	The provision to other Local Authorities of an additional 4 adopters

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
<b>Income sub-total</b>						<b>(103)</b>	
CFW	E	27	Education Early Years	Early Years Education Childcare	Policy Choice	(25)	Phase two of restructure to focus on providers most in need of improvement
CFW	E	28	Education Early Years	Music & Education Psychology Service	Policy Choice	(105)	£90k relates to the removal of subsidy to the music service to be replaced by alternative funding being which is now in place to ensure Music service is sustainable. This includes increased subscriptions/charge, to comparable rates to other LA's, national and local grants, and income from SLA's. The remaining 15k relates to increased income from the EPS through expansion of SLA deliver to schools in line with current projections.
CFW	SCF	29	Connexions	Reduction in costs Connexions	Policy Choice	(100)	The saving will be delivered by reducing staffing in the service for vulnerable young people. This will lead to a service reduction and risk of higher numbers of young people not progressing to education training and
CFW	SCF	30	Connexions	Reduced targeted service offer	Policy Choice	(160)	The saving will be delivered by reducing staffing in the service for vulnerable young people. This will lead to a service reduction and risk of higher numbers of young people not progressing to education training and employment
CFW	SCF	31	Youth Offending Services	Reduction in costs of YOS	Policy Choice	(150)	Move to an integrated service within the 4 <sup>th</sup> Area Family Team in line with 2013 consultation reducing management costs.
CFW	SCF	32	Youth Offending Services	Reduction in grant assisted YOS projects	Policy Choice	(74)	Reduction in projects funded through the YOS grant to match the reduction in grant received from the Youth Justice Board

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	SCF	33	Education Welfare Officers	Reduced service offer	Policy Choice	(100)	A review of the Education Welfare Service is currently being undertaken and £100K will be saved from this budget with the remainder of the budget used to continue to minimise low school attendance. The team also deliver statutory activity in relation to children missing from education, parental responsibility interventions and early help which may be impacted. Further opportunities for school buy back will be explored to mitigate the impact.
<b>Policy Choice sub-total</b>						<b>(714)</b>	
<b>Terms and Conditions</b>						<b>(1,351)</b>	
<b>Total All Proposals</b>						<b>(7,457)</b>	

**Portfolio Key**

**CH&W:** Community Health and Wellbeing Portfolio

**ASS:** Adult Social Services Portfolio

**SCF:** Supporting Children and Families Portfolio

**E:** Education Portfolio



## **Environment, Transport and Operations**

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

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

### **Service Description**

#### **Highways**

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

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

#### **Green Space**

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

The Council manages 40 public parks, 50 amenity green spaces, 21 recreation/sports grounds, five cemeteries/crematoria, 41 woodlands, 86 children's playgrounds and 36 allotment sites.

#### **Waste and Recycling**

The Council will continue to remove household waste from its 95,000 households and with the introduction of weekly food waste collections will continue to improve Trafford's overall recycling rate from 48% to 60%, which will directly reduce the amount of money that the Council will have to spend to dispose of the waste.

#### **Public Protection**

We will continue to support and regulate over 5,000 premises for food, health and safety, trading standards, pollution and licensing and maintain other health and safety initiatives. We will continue to offer the free Consumer Alert Network to all businesses and residents in Trafford.

#### **Transport, Catering and Cleaning (Traded Services)**

The Catering Service serves on average 11,500 meals per day, over two million meals per year, making us the largest and first choice supplier in the Borough. Both Catering and

Cleaning need to combine high standards with efficiency in order to compete with the private sector.

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

### **Service Performance**

- Residents and businesses will continue to benefit from being able to park anywhere in the Borough for only 10p for the first hour. This is the lowest rate in Greater Manchester.
- Trafford is one of the best performing and low cost waste collection services in Greater Manchester.
- The full year impact of introducing weekly food waste collection is anticipated to increase recycling rates from 48% in 2012/13 to around 60%. This is saving £1.2m from reduced waste disposal costs.
- The Borough has the lowest killed and seriously injured road casualties in Greater Manchester.
- Residents live no more than 600 metres away from a park or open space.
- Joint working between Environmental Health and GM Police in tackling retail violence and commercial robberies down 40% from 2012/13.

### **Approach to Budget**

- To transform the way that we do many things to achieve savings using new ways of working or alternative funding models (e.g. maintenance of roadside verges, parks, pets corners). This includes reviewing staff deployed on the frontline, in back office and managerial roles.
- There are ways that we can generate additional income to help supplement the cost of providing services. Allotment fees are increasing as approved by Council in February 2013, plus Bereavement Services fees will also increase to recover additional costs. Opportunities are also being explored to increase income from outdoor media advertising. Fees and charges will be reviewed generally and, where appropriate, increased in line with inflation or in comparison with neighbouring Councils.
- We are re-tendering for a new waste and recycling contract from October 2014, plus other efficiencies are being proposed with respect to the storage and cost of bins.
- We have reduced the cost of parking enforcement as a result of a joint procurement exercise with other Greater Manchester councils.
- We currently give money to partner organisations, such as the Mersey and Bollin Valley Partnerships. These funding arrangements will cease as approved by Council in February 2013 and alternative arrangements put in place to deliver better value for money.
- A new weekly food waste recycling service was introduced in 2013 which will continue to deliver additional savings from reduced waste sent to landfill and improvement in Trafford's recycling rate.

## Budget Movement Summary 2014/15

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

<b>Environment, Transport &amp; Operations</b>	<b>2014/15 (£000's)</b>	<b>Savings Schedule Reference(s).</b>
Budget Brought Forward	29,192	
Additional Resources to meet Pressures:		
- Pay Related Inflation	258	
- Contract Related Inflation	561	
- Energy costs	216	
- Waste Disposal Authority Levy	743	
- Effects of Economic Climate on Income	50	
- Non sustainable savings from 13/14	493	
- Other	78	
<b>Total New Resources Allocated</b>	<b>2,399</b>	
Resource Reallocations Through:		
- Efficiencies	(585)	ETO 1-11
- New or Increased Income	(250)	ETO 12-16
- Policy Choices	(1,868)	ETO 17-31
- Terms & conditions	(60)	Annex M
<b>Total Resources Reallocated</b>	<b>(2,763)</b>	
Net Year-On-Year Change	(364) (1.2)%	
<b>Net Budget Proposal</b>	<b>28,828</b>	

## 2014/15 – Saving Schedule – Environment, Transport & Operations

Dir.	Port- folio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO1	Highways	Reduce depot security costs	Efficiency	(60)	Cease manned Depot Security contract. New alarm and CCTV system installed.
ETO	HES	ETO2	Highways	Traffic Regulation Orders reduced advertising costs	Efficiency	(15)	Reduction in newspaper advertising costs for Traffic Regulation Orders.
ETO	HES	ETO3	Parking Services and Enforcement	New parking enforcement contract	Efficiency	(150)	Reduced cost of parking enforcement as a result of a joint procurement exercise with other Greater Manchester councils.
ETO	HES	ETO4	Waste Management	Reduce cost of disposing commercial waste	Efficiency	(40)	Reduced waste disposal costs for commercial waste agreed with WDA.
ETO	HES	ETO5	Waste Management	New waste collection contract	Efficiency	(50)	New waste collection contract being let from October 2014.
ETO	HES	ETO6	Waste Disposal	Waste Disposal Authority - sell off spare capacity	Efficiency	(50)	Collaboration with WDA to sell off their spare capacity in order to reduce disposal costs through the levy.
ETO	HES	ETO7	Waste Management	Waste contract reduce inflationary increase	Efficiency	(29)	Reductions in budgeted inflation costs on waste contract based on predicted RPI levels.
ETO	HES	ETO8	Waste Management	Reduced cost of purchasing replacement bins	Efficiency	(22)	Reflects an increase in refurbishment of recycling bins for re-issue, plus a reduction in demand for new bins.

Dir.	Port- folio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO9	Waste Management	Reduce storage cost of replacement bins	Efficiency	(24)	Review arrangements for storage of bin stock, including location and levels held.
ETO	HES	ET10	Directorate- wide Business Support	Business Support Review	Efficiency	(102)	Consolidation and reduction of business support staff.
ETO	HES	ETO11	Cross-cutting ETO	Mitigation of inflation cost pressures	Efficiency	(43)	Procurement and austerity measures to reduce budgeted contractual and general inflation costs across the Directorate.
<b>Efficiency sub-total</b>						<b>(585)</b>	

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO12	Highways Operations	Greater Manchester Road Access Permits	Income	(22)	Implementation of the Greater Manchester Road Access Permits scheme to improve the management of road works, including utilities' works.
ETO	HES	ETO13	Highways	Moving travel offences	Income	(30)	Enforcement of traffic offences relating to bus lanes and yellow boxes. This forms part of a GM initiative to improve safety and traffic flows on our major roads in line with DfT guidelines
ETO	HES	ETO14	Highways	Outdoor media	Income	(80)	Increase in number of advertising sites, this is subject to planning permission.
ETO	HES	ETO15	Groundforce	Allotment fees	Income	(18)	Increase allotment fees from £1 to £1.50 per week (agreed by Council February 2013).
ETO	HES	ETO16	Bereavement Services	Bereavement Services	Income	(100)	Fees and charges - 5% increase plus increased demand based on current levels of service provision.
<b>New Income sub-total</b>						<b>(250)</b>	

Dir.	Port- folio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO17	Highway Operations	Verges	Policy Choice	(150)	Alternative methods of verge maintenance will reduce the requirement for traditional labour intensive service delivery.
ETO	HES	ETO18	Highways	Festive lights	Policy Choice	(39)	To be part funded by external contributions from local businesses etc.
ETO	HES	ETO19	Highways	Management and staffing restructure	Policy Choice	(100)	Restructure of staffing and reduction in managerial and operational posts.
ETO	HES	ETO20	Highways Operations	Highways and Groundforce Operations Senior Management	Policy Choice	(40)	Restructure of staffing and reduction in managerial post.
ETO	HES	ETO21	Bridges	Reduce minor reactive maintenance	Policy Choice	(20)	Re-prioritisation of reactive maintenance and capital resources.
ETO	HES	ETO22	Highways	Road Safety/Travel Coordinator	Policy Choice	(26)	Restructure of staffing and reduction of one post.
ETO	HES	ETO23	Groundforce	Parks maintenance	Policy Choice	(250)	Reduction of dedicated parks staff, and realignment of maintenance.

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO24	Groundforce	Redesign and re-prioritisation of service provision	Policy Choice	(450)	Implement new working practices through staff terms and conditions. The implementation of shift patterns will reduce the current level of vehicles and plant. Seek alternative provider for the upkeep of the 2 pets corners at no cost to the Council, or full closure should this not be achieved. Reduced frequency of scheduled maintenance of parks, street cleaning and litter picking.
ETO	HES	ETO25	Greenspace - Tree Unit	Review operational delivery model.	Policy Choice	(54)	Staff restructure and alternative service provision.
ETO	HES	ETO26	Greenspace & Sustainability	Mersey Valley Partnership	Policy Choice	(57)	Cease contribution to the Mersey Valley Partnership, which is no longer sustainable - agreed by Council February 2013. To be delivered through the Trafford Countryside Partnership.
ETO	HES	ETO27	Greenspace & Sustainability	Bollin Valley Partnership	Policy Choice	(50)	Cease contribution to the Bollin Valley Partnership, which is no longer sustainable – agreed by Council February 2013. To be delivered through the Trafford Countryside Partnership.
ETO	HES	ETO28	Waste Disposal	Weekly food waste collection service	Policy Choice – Full year effect	(350)	Full year effect of introducing the weekly food waste recycling service in 2013. Total saving is £1.2m per annum.



Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO29	Waste Management	Waste - rationalisation of recycling sites	Policy Choice	(100)	Reduction of existing recycling sites now we have a comprehensive kerbside recycling service.
ETO	HES	ETO30	Public Protection	Food and Health & Safety inspections	Policy Choice	(15)	Cease planned inspections of lower risk food and health & safety premises.
ETO	HES	ETO31	Public Protection	Management and staffing restructure	Policy Choice	(167)	Restructure of staffing and reduction in managerial and operational posts.
<b>Policy Choice sub-total</b>						<b>(1,868)</b>	
<b>Terms and Conditions</b>						<b>(60)</b>	
<b>Net Total All Proposals</b>						<b>(2,763)</b>	

**Portfolio Key**

**HES:** Highways & Environmental Service Portfolio

## Economic Growth & Prosperity 2014/15

### Service Description

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

### **Growth (Economic Growth and Housing)**

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

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

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

### **Planning (Strategic Planning, Development Control and Building Control)**

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

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

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

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

The Council will continue to explore ways to maximise the use of all our properties, including those we use to deliver Council and partner services, and those such as shops, offices, industrial estates and farm land which generate over £2m per annum in income.

We will also maximise funds from the sale of land and property to support the Council's priorities and will support private sector partners to bring forward development proposals, working closely with the housing and planning teams; delivering jobs, homes and employment opportunities.

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

## **EGP Service Performance**

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

### **Economy**

Trafford plays a central role within the GM economy. It is a key driver of growth in GM which is predicted to rise to over 3% over the coming years and has the highest GVA (outside of Manchester). There are 11,690 businesses in Trafford providing 12.5% of the total businesses in GM and the highest total outside of Manchester. Trafford has had a higher percentage rise of VAT/PAYE registered businesses during 2012-13 than the GM average (3.8% higher than GM). The UK Competitiveness Index 2010 ranked Trafford at 67 out of 379 UK Local Authorities – the rank measures a number of elements based upon the quality of the local business base and skills and productivity of residents. This rank places Trafford well above the other GM LA's - the closest being Stockport ranked at 126 and Manchester ranked at 127.

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

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

### **Business Engagement**

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

### **Employment**

The innovative Partington Pledge was launched on 30th April as a joint initiative with DWP to match the 85 young unemployed people in Partington with local employers who commit to offering employment support to the young people through offering; jobs, apprenticeships, work experience, mentoring support or practical help. Major employers have signed the Pledge, including SAICA, Manchester United, Alstom, Duro Fuelguera, Premier Inn, and Carrington Business Park. Due to its successful collaborative approach, and the commitment shown by the private and public sector, it is intended to roll-out the

Pledge borough-wide in early 2014. The percentage of people unemployed for longer than six months is 1.3% compared to the Greater Manchester average of 2.1%.

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

### **Supporting Development and Investment in Trafford**

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

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

Six sites have been disposed by the Council with a value of £3m in the financial year 2012/13, with a further £10m of receipts anticipated from disposals in next two years.

### **Supporting Town Centres**

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

The 'Road Map' for Sale has been developed and is subject to a period of consultation. This approach will help to prioritise investment in the town, and is one part of our developing strategic framework for town centres, alongside the Stretford Masterplan, draft Altrincham Strategy and draft Urmston Road Map.

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

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

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

### **Stretford Town Centre Masterplan**

Delivering the successful regeneration of Stretford Town Centre is considered to be a key priority for the Council. The Economic Growth team has led on the preparation of a Stretford Town Centre Masterplan which seeks to establish a comprehensive vision for the town centre, identify areas for future development and set out key actions required to deliver growth. The Masterplan will provide a coherent framework for the Council, property owners, prospective developers, existing occupiers and community stakeholders which will

assist in realising the opportunities which exist within the Masterplan area over the next 10-15 years. A public consultation on the Masterplan was held in summer 2013, which included a special Neighbourhood Forum event attended by almost 200 residents, and a final version has now been approved by the Council Executive.

### **Partington Town Centre**

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

### **Approach to budget savings and income generation**

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

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

## Budget Movement Summary 2014/15

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

<b>Economic Growth &amp; Prosperity</b>	<b>2014/15 (£000's)</b>	<b>Savings Schedule Reference(s).</b>
Adjusted Budget Brought Forward	3,253	
Additional Resources to meet Pressures:		
- Pay Related Inflation	124	
- Contract Related Inflation	122	
- Energy costs	50	
- Business rates	22	
- Effect of economic climate on income (e.g. property rents)	79	
- Reduced income due to development of Urmston Town Centre	164	
<b>Total New Resources Allocated</b>	<b>561</b>	
Resource Reallocations Through:		
- Efficiencies	(201)	EGP 1 - 3
- New or Increased Income	(70)	EGP 4 - 8
- Policy Choices	(52)	EGP 9
- Terms & conditions	(67)	Annex M
<b>Total Resources Reallocated</b>	<b>(390)</b>	
Net Year-On-Year Change	170	
	5.2%	
<b>Net Budget Proposal</b>	<b>3,424</b>	

**Budget 2014/15 – Saving Schedule – Economic Growth & Prosperity**

<b>Dir.</b>	<b>Port-Folio</b>	<b>Ref</b>	<b>Service Area</b>	<b>Description of Saving</b>	<b>Category of Saving</b>	<b>2014/15 £000's</b>	<b>Impact of Saving (e.g. service, equality, other)</b>
EGP	EGP	EGP1	Property and Development	Disposal of surplus property - reduction in revenue budgets	Efficiency	(57)	Efficiencies to be achieved from procurement, building transfers, efficient use of office space, and income generation/self sufficiency
EGP	EGP	EGP2	Planning - Strategic Planning	Savings from Waste & Minerals Plan over three years (year 3)	Efficiency - Full year effect from 13/14	(22)	GM authorities have retained capacity to ensure that statutory requirements relating to monitoring and enforcement are still met.
EGP	EGP	EGP3	EGP Directorate	Procurement & austerity measures	Efficiency	(122)	Management of general running costs to exclude inflationary increases.
<b>Efficiency sub-total</b>						<b>(201)</b>	

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



Dir.	Port-Folio	Ref	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
EGP	EGP	EGP8	Growth – economic growth	Property referral fees & web site advertising	New Income	(4)	Cost recovery for property referral assistance to landlords/agents. Use of Growth Team website by companies/landlords/agents for related advertising.
<b>New income sub-total</b>						<b>(70)</b>	
EGP	EGP	EGP9	Property and Development	Transfer of assets or running costs of assets	Policy Choice	(52)	Transfer of utility & maintenance charges for buildings occupied by voluntary & community groups.
<b>Policy Choice sub-total</b>						<b>(52)</b>	
<b>Terms and Conditions</b>						<b>(67)</b>	
<b>Net Total All Proposals</b>						<b>(390)</b>	

## Transformation & Resources (T&R)

### Service Description

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

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

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

### Service Performance

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

- There are 13 staffed libraries and one self-service library with 774,000 lends per year and over 1 million visitors.
- The Council's customer contact service deal with over nearly 300,000 telephone enquiries per year. In 2013/14, the Contact Centre target was to answer 80% of telephone calls within 20 seconds (compared to 30 seconds last year). This is currently being exceeded with 82% of phone calls answered within 20 seconds in the year to date.
- The Council has the highest collection rate for Council Tax in Greater Manchester at 98.1%, in 2012/13 (reduced to a target of 97.4% in 13/14 to take account of the impact of the significant Welfare Reform changes).
- The collection rate for business rates was the highest in AGMA at 97.9% in 2012/13 and over 2,000 small businesses were awarded additional small business rate relief.

- The time to process new benefit claims was 15 working days in 2012/13. The service review changes means the new service standard being achieved is 18 days, this remains the best rate of all GM authorities;
- Over the last 12 months, 96% of 30 day accounts and 83% of 10 day accounts have been paid on time.
- Delivery ahead of schedule of the Transformation Programme savings for 2012/13. These totalled £7.230m which was £0.014m over budget.
- In October 2011, Trafford Council introduced an internal apprenticeship scheme, which has given young people in the borough the opportunity to develop a career combined with a qualification that will help them gain valuable work experience and contribute to the Trafford community. Since its launch, 73 apprenticeships have been created. There are currently 28 apprentices on the programme and the Council is at present recruiting to a further 13 vacancies, bringing the total to 41. In addition, 13 apprentices have gone on to secure permanent employment with the Council and a further 6 have secured permanent employment elsewhere across the borough.
- Trafford remains the safest place in Greater Manchester, with the highest level of Public Confidence and Satisfaction, and the lowest perception of Anti-Social Behaviour;
- Between 2006/7 and 2012/13, Total Crime in Trafford fell by 53.5% - That's 12,663 fewer offences per year.
- Crime Reduction in Trafford has saved just under £100 million pounds of public money over the past 6 years.
- Over the past 5 years, Anti-Social Behaviour has reduced by 57.6% or 8120 fewer incidents per year,
- The CCTV control room directly contributed to 154 arrests.
- To support the drive towards local decision making, 4 Locality Partnerships have been created bringing together Elected Members, Community Ambassadors and Statutory Partners to match assets and needs within the Local areas and find innovative solutions to improve the area and reduce demand on Public Services.
- Trafford Partnership won the LGC National award for Public Partnerships in recognition of the difference that working together has made for our residents, businesses and communities.
- The cost of the Legal Service per 1,000 population is one of the lowest in the country at 24% below the average cost;
- The Audit Commission has recently commended the Council on its financial management performance and ability to deliver value for money; "The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity."

## **Approach to Budget**

The beginning of this document outlines the key areas which will continue to be delivered within the funds available. The directorate has a track record of delivery low cost, high value services. Every service within T&R has undergone a transformation review within the last three years resulting in £5.4m of back office savings (67% of the £8.1m overall savings in that period) Therefore a number of the staffing review proposals carry a risk to service delivery e.g. resilience, ability to respond to emerging needs, data quality. Whilst some of the risks can be mitigated there are others which carry a higher risk and are therefore considered to be policy choices.

Against the 2013/14 budget of £20.3m, the overall proposed budget is £2.0m less (10.1%). Unavoidable pressures/investments have been identified as £1.0m which have been offset by savings proposals of £3.0m. From 2013-14 to 2014-15 over £2 million ICT capital investment is planned in Customer Relationship Management (CRM) and Web/Customer Strategy (WCMS).

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

## **Exploiting Technology**

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

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

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

## **Efficiency, Shared Services & Collaboration**

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

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

## Policy Choices

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

We want to build on the success of attracting volunteers into the Libraries and propose that more volunteers be introduced across all libraries, thereby avoiding library closures. The proposals are dependent on volunteers coming forward to support the libraries and work is underway with Thrive and Trafford College to encourage more young people to volunteer. Over 200 applications have been received and currently over 120 volunteers are assisting in Libraries.

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

### Budget Movement Summary 2014/15

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

<b>Transformation &amp; Resources</b>	<b>2014/15 (£000's)</b>	<b>Savings Schedule Reference(s)</b>
Budget Brought Forward	20,305	
Additional Resources to meet Pressures:		
- Pay Related Inflation	380	
- Contract Related Inflation	257	
- Specific Grant Reductions	168	
- New or Increased Specific Grants		
- New Statutory Responsibilities		
- Other	160	
<b>Total new resources allocated</b>	<b>965</b>	
Resource Reallocations through:		
- Efficiencies	(1,930)	T&R 1-14
- New or Increased Income	0	
- Policy Choices	(621)	T&R 15-20
- Terms & conditions	(455)	Annex L
<b>Total new resources allocated</b>	<b>(3,006)</b>	
Net Year-On-Year Change	(2,041) (10.1)%	
<b>Net Budget Proposal</b>	<b>18,264</b>	

## Transformation & Resources – Schedule of Savings

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

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

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



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

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

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	16	Access Trafford	Review of Libraries Strategy	Policy Choice (Full Year Effect)	(116)	Additional volunteers to be introduced across all libraries. This initiative, which was subject to full public and staff consultation, saved £136K in 2013-14 and resulted in no library closures. The proposals are dependent on volunteers coming forward to support the libraries and work is underway with Thrive and Trafford College to encourage more young people to volunteer. Over 200 applications have been received and currently over 120 volunteers are assisting in Libraries. A natural reduction in vacant posts (5.5FTE) as planned for during consultation for the 2013/14 budget will take place.
T&R	T&R	17	Partnerships & Performance	Communities Support	Policy Choice	(32)	A review of resources in the service to manage budget pressures.
T&R	SSC	18	Culture & Sport	Resource Review.	Policy Choice	(32)	Review of resource requirements in the service.

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	SSC	19	Partnerships & Performance	Cross-council review of Voluntary Sector Grants	Policy Choice	(100)	The Third Sector Strategy seeks to build capacity within the Third Sector to enable the sector to become less reliant on grant funding. A user review seeks to map all the funding which the sector has access to and not to focus solely on the voluntary sector grants. The mapping will also provide the opportunity to identify areas of possible duplication. The reduction proposed is 3% of the total council-wide support (including mandatory and discretionary rate relief) and the impact will be mitigated by the support which the Council / Partnership have invested in capacity.
T&R	SSC	20	Culture & Sport	Reducing operations at Sale Water Sports Centre	Policy Choice	(200)	Reductions in facilities available for use following termination of the Deckers Contract. Cessation of activities and corporate events will necessitate transfer of these activities to alternative venues.
<b>Policy Choice sub-total</b>						<b>(621)</b>	.
<b>Terms &amp; Conditions</b>						<b>(455)</b>	
<b>Total All Proposals</b>						<b>(3,006)</b>	

**Portfolio Key**

**T&R:** Transformation and Resources Portfolio

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

## Council-wide Budgets

### 1. Service Description

- 1.1. There are a number of budgets that relate to the Council as a whole and/or affect all services. These budgets include precepts and levies, treasury management, insurance and 'non-ring-fenced' Government grants which are not attributable to a particular service. Finance Services, within the Transformation & Resources Directorate, actively manage the expenditure and income for these areas.
- 1.2. The current 2013/14 net budget is £23.0m, of which the majority relates to the transport levy payable to the Greater Manchester Combined Authority, debt charges for loans taken out to support past investment in infrastructure through the capital programme, and 'non-ring-fenced' Government grants including Education Services Support, Council Tax Freeze Compensation and New Homes Bonus.

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

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

- 1.3. The 2014/15 budget is proposed to reduce by £(0.748)m to £22.3m. A summary of the financial movements can be found at the end of this section. However, the main reason for the budgetary change relates to changes to non-ring-fenced government grants of £(0.8)m.

### 2. Main Components of Budget

#### 2.1. Non-Ring-Fenced Grants

The proposed Council-wide budget holds £(7.633)m of non-ring-fenced grants. This includes a net increase in grants of £(0.808)m in 2014/15 consisting of an increase in Council Tax Freeze Compensation of £(0.894)m, increases in New

Homes Bonus Grant of £(0.265)m, and a reduction in a number of other grants totalling £0.351m.

## 2.2. **Precept & Levies**

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

The provision within the Coroner's and Mortuaries budget for unusual expenditure or increased activity has been reviewed in the light of discussions with the Coroner, Stockport and Tameside. After allowing for higher premises costs due to the recent refurbishment and capital works at the Coroner's offices and courts at Mount Tabr in Stockport, a small reduction in the budget provision of £(0.042)m can be risked. A reserve built of previous underspends of £(0.030)m will be carried forward to mitigate this risk.

An estimated provision of 5% increase has been made for the costs of the Flood Defence levy.

## 2.3. **Treasury Management**

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

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

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

## 2.4. **Housing Benefit Subsidy and Discretionary Housing Payments**

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

## 2.5. **Provisions**

Monies set aside for bad and doubtful debts on the £17.0m of invoiced income the Council raises each year, and liabilities for future pension costs relating to previous organisational changes. A saving of £(0.125)m has been assumed in 2014/15 to reflect updated assumptions on the required Bad Debt Provision.

**2.6. Audit Fees**

Realignment of budget associated with audit of grants has released a budget saving of £(0.015)m.

**2.7. Insurance**

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

**2.8. Members Expenses**

The costs for Councillors' allowances, and their communications and computing equipment, etc. The proposed budget for 2014/15 includes a saving in training and telephony budgets of £(0.020)m

**2.9. Partington Parish Grant**

The new Council Tax Support scheme, which started on 1 April 2013, had the effect of reducing the Council Tax Base. As a consequence the Council made a one-off grant in 2013/14 of £0.032m in order for the Parish to be given time to consider options available such as reducing expenditure or raising their Council Tax precept rate. For 2014/15, the Executive is minded to continue the grant but at a reduced level of £0.010m, equal to the Parish Council Tax Support Grant in the Government's 2013/14 Financial Settlement. As the grant amount reduces in line with overall reduction in Government support, the level of grant support to the Parish Council cannot be guaranteed into the future.

**2.10. Carbon Reduction Commitment (CRC);**

Changes announced in the Chancellor's Autumn 2013 Statement has resulted in the council now being under the minimum threshold to participate in the CRC allowances scheme in 2014/15, the current budget of £0.060m has therefore been submitted as a saving.

### 3. Budget Movement Summary 2014/15

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

<b>Council-wide Budgets</b>	<b>2014/15 (£000's)</b>	<b>Savings Reference(s)</b>
Budget Brought Forward	23,060	
Additional Resources to meet Pressures:		
- New or Increased Specific Grants	(808)	Para 2.1
- Reducing reserve support to Insurance budgets	115	Para 2.5
- Other Levies	25	Para 2.2
- Net changes in Treasury Management	22	Para 2.3
- Inflation	16	
- Partington Precept top-up	(22)	Para 2.9
- Carbon Allowances	(60)	Para 2.10
- AGMA Budgets	7	
<b>Total new resources allocated</b>	<b>(705)</b>	
Resource Reallocations through:		
- Efficiencies	(140)	2.5, 2.6
- New or Increased Income	-	
- Policy Choices	(20)	2.8
- Terms & conditions 13/14 adjustment	117	
<b>Total new resources allocated</b>	<b>(43)</b>	
Net Year-On-Year Change	(748) (3.2)%	
<b>Net Budget Proposal</b>	<b>22,312</b>	



**REPORT of the DIRECTOR OF FINANCE  
to the COUNCIL 19 FEBRUARY 2014**

**ROBUSTNESS of the 2013/14 PROPOSED BUDGET ESTIMATES  
and the ADEQUACY of RESERVES (S25-26 LGA 2003)**

**1. INTRODUCTION**

- 1.1 The Local Government Act 2003 requires the Chief Finance Officer (Director of Finance) to report independently to the Council his own opinion as to the robustness of the budget requirement estimate (S25 of the Act) and on the adequacy of reserves (S26).
- 1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.
- 1.3 A summary of this report providing the general opinion is included within the main report at section 7.

**2. BACKGROUND**

- 2.1 With the support of the Head of Financial Management and Finance Managers for each relevant area of the budget, I have reviewed the Executive's budget proposals at varying levels of detail, and as far as possible have taken into account those known factors that will have a significant bearing on the conduct of the Council's business in 2014/15 and the medium term. This has included information and assurances supplied by Corporate Directors. I have also assessed the level of reserves which can be considered adequate to meet reasonable unforeseen circumstances not included in the detailed budget proposals.
- 2.2 The Council's proposed budget is based on the Government's notified grant settlement for 2014/15. The budget takes account of the challenges presented by this settlement, and by the Comprehensive Spending Review announced in October 2010, plus the continuing effects of the current economic climate on the Council.
- 2.3 The consequences of the common business risks facing the Council can be summarised into three categories:

**Spending exceeds budget;** this can include where demand for services is higher than expected, either in terms of number or need, such as in the statutory services in social care. This can also be where external factors affect Council operations, such as the weather on winter gritting spending. There may also be new expenditure pressures or commitments which were not anticipated during the budget process, for example due to changes in regulations/legislation;

**Income falling short of expected levels;** the risks include customers no longer buying services or buying them from elsewhere, or reduced support from sponsors whether this is partners, Government departments or other public bodies. External factors, such as the economy, can have a significant impact on certain expected income levels;

**Challenge of organisational change;** the general challenge for local government to make a significant contribution to reducing the national budget deficit. The Council's proposed budget for 2014/15 contains for savings proposals of £(13.7)m, which is on top of the unprecedented levels of savings achieved over the last three financial years, and there is a specific risk that savings will not be sufficiently realised, or are not realised quickly enough.

- 2.4 My team and I have ensured at a detailed level that budgets are based on forecasted activity, and that these forecasts have been subject to appropriate challenge, sensitivity analysis and that they reasonably allow for a degree of error. In addition, risks can be mitigated during the year through a variety of management actions, and my team and I have worked with management to identify appropriate activity monitoring systems to identify early deviation from forecasts, and ensure that there is the capacity and ability to undertake corrective action as necessary. In addition, the Council has a policy of monthly financial monitoring of all Council activity on an outturn basis from June each year.
- 2.5 All aspects of the budget have been reviewed to ensure that reasonableness (robustness) tests have been carried out, that detailed calculations are sound, and that the risks have been quantified and provided for as far as possible. When taken with an assessment of minimum reserve levels, a reasonable professional opinion on robustness can therefore be determined.
- 2.6 The following sections outline the assessment of expenditure and income, and the determination of an appropriate reserve level for the 2014/15 Executive Budget proposals in order for them to be considered as robust.

### **3. EXPENDITURE ANALYSIS**

#### **Schools related expenditure**

- 3.1 Locally schools funding is split between centrally held Education Support Services budgets, and devolved schools' budgets, and apportioned to individual schools by a funding formula. Distributing funding across schools, recognising deprivation and special educational needs factors, has become increasingly difficult at a time of reduced resource availability. To combat this situation, the Funding Forum has recommended that basic entitlement in the funding formula should be increased from 75% of available funding to 78%, and this has been approved by the Executive.
- 3.2 The challenges facing the Schools delegated budgets are:
- Schools are required to meet all inflationary increases in their expenditure as well as potentially reducing funding out of their delegated budgets. Pressures include pay awards of 1% or higher and increased pension contributions. The prevailing rate of inflation is forecast to be 3.0%, but with heating and lighting costs expected to be in excess of this.
  - As a consequence of funding pressures on the non-schools areas of the budget, some Educational Support Services are either being reduced or moving into a buy-back or trading service, with the intent that schools will pay for those services in future. With limited funding schools will be forced to make choices between continuing these services, other buy-back services and their own core budgets.
  - Some Schools will have falling numbers of pupil numbers which will reduce funding, and there is a stepped nature to the costs for Schools experiencing either increasing or decreasing rolls
  - There is pressure on Schools from Government to address the attainment gap between affluent and not so affluent pupils. However, to assist with this ambition the Pupil Premium Grant has increased from £900 per Primary pupil in 2013/14 to £1,300 in 2014/15 and £900 per Secondary pupil in 2013/14 to £945 in 2014/15.
- 3.3 Schools set their own budgets and are aware of their responsibilities and the Scheme for Financing Schools. There is a framework whereby schools facing financial difficulties must inform the Council as soon as possible so that financial risks can be mitigated. Any reductions in pupil numbers are monitored closely and schools that may have problems are contacted. To assist schools in discharging their financial responsibilities the Council provides a dedicated professional finance team on a buy-back basis.

- 3.4 The level of schools balances overall is healthy, however, if an individual schools faces financial difficulty, for example as a result of falling rolls, the Council will work closely with the school to construct a recovery plan with the use of the licensed deficit scheme.
- 3.5 There are similar pressures on the centrally held funding, with the addition of:
- There is a draw on these budgets to fund the Minimum Funding Guarantee to Schools
  - Historical volatile pressures on SEN out-of-Borough placements
  - The need to reduce costs should schools decide not to buy back the service
- 3.6 These risks are mitigated by:
- Increased funding from increasing pupil rolls
  - The number of available spaces for in-Borough placements has increased
  - There is currently an SEN review taking place which is expected to reduce pressures on SEN expenditure
  - The mainstream and high needs elements of the Dedicated Schools Grant have been announced for 2014/15 by the Government, thus reducing the level of uncertainty which has been an issue in the past.

#### **(Non-schools) Employee costs**

- 3.7 Potential risks in this area include for national pay award, national insurance and pension changes, and the continuing effects of job evaluation. In the Autumn Statement, the Government reiterated that public sector pay would be frozen at 1% until 2015/16 and a suitable provision has been built in to the draft budget. An allowance has been made within the calculation of the minimum level of reserves should a higher national pay award be required.
- 3.8 Pension costs are subject to a triennial assessment by the pension fund actuaries and 2014/15 is the first year of the current period, therefore the budget provision of 1% is considered sound. Any changes to employers' national insurance contributions are usually heralded in the autumn, and no change is expected.
- 3.9 In addition, further controls to ensure pay enhancements, such as honoraria, regrading and other such allowances are appropriate and affordable have been introduced as a consequence of Job Evaluation in 2010, these continue to be reinforced by the Human Resource service.

### **Agency Staff**

- 3.10 Agency and contract costs have been strictly controlled since the Executive introduced austerity measures in July 2010, enhanced by an AGMA procured Agency contract which has fixed the rates for many job roles.

### **Organisational Change Costs**

- 3.11 The Council has established an earmarked reserve to cover the costs from organisational change. The reserve level has been based on average experienced costs and has been reviewed upwards in 2014/15 to reflect the future likely activity for the next 2-3 years of continued austerity.

### **Contract Costs**

- 3.12 The budget makes a general allowance based on known inflation rates for increases in contract costs, and specific additional allowance for particular contracts that have inflationary rates more specific to them.
- 3.13 Through the Council's Contract Procedure Rules, the Council's own Procurement Team and the AGMA Procurement Team the Council hosts, there is considerable contract activity to ensure that costs for goods and services are kept as low as possible. In many cases services have put forward savings in terms of contract cost reduction as a consequence of professional procurement activity, and each of these savings proposals has been subject to robust assessment by the appropriate professional staff.
- 3.14 The Council spends approximately £51m providing support for over 9,000 adults in residential and community care. A consultation process and market review of charges, with older peoples' residential and home care providers has been provisionally agreed. Although final figures have yet to be confirmed, early indications suggest that the rates built into the MTFP are adequate, therefore mitigating the risk of unknown inflationary increases.

### **Demand led budgets**

- 3.15 Social care budgets, in particular, are dependent on the numbers of clients, and client need, which can be difficult to predict. The costs of service provision can also be volatile, as any one single client may cost hundreds or perhaps thousands of pounds per week. A significant risk arises therefore that the social services budgets, and similar volatile demand led budgets, are not sufficient to cover the Council's legal obligations, which would lead to an impact on reserves or other service budgets.
- 3.16 The proposed budget includes specific provision, £3.5m 2014/2015, for additional placement costs and demographic pressure in both adults and children's service using forecasts of future demands. There is an additional £0.4m investment from the capital programme to purchase additional telecare

equipment to enhance our service allowing residents to remain independent for longer and reducing long term costs of care. Nevertheless a risk will still exist, particularly at a time of economic difficulties.

### **Benefit Payments**

- 3.17 In 2014/15 there is a significant gross budget at £67m for Housing Benefit Payments. Both the cost of benefits and the cost of administration are largely covered by Government support as the Council undertakes this role essentially on an agency basis. The remaining funding of the costs of benefits comes from the recovery of overpaid benefit.
- 3.18 Caseload appears to have plateaued recently; however, there are risks associated with caseload demand increasing beyond expected levels in 2014/15, and the associated potential for reduced performance in the accurate awarding of benefit. Management action to improve processes to recover overpaid benefits sooner, have been implemented successfully over recent year sufficient to mitigate the risk of under recovery.
- 3.19 In 2013/14 the Government abolished the national council tax benefit scheme and introduced a local council tax support scheme (also known as the council tax reduction scheme). At the same time there was a reduction in funding at a national level of 10% with each authority deciding how to deal with the funding reduction by determining its own Benefits Policy.
- 3.20 The Council's local scheme met the reduction in funding from a mixture of reduced benefit entitlement, changes to council tax exemptions and finally base budget. The financial risks to the Council were two-fold. The first is the number of claimants entitled to council tax support as any increase in this number has to be met from the Council's own budget whereas it was previously the Government's responsibility. Every 1% change could result in a cost of £100k. The second risk is that some households will have to pay more in council tax and some will be paying for the first time. Although the first year of the new Council Tax Support Scheme has shown that take up has been lower than anticipated and collection rates have not been adversely affected to any significant extent, there remains an underlying risk that income levels will be affected given the current economic climate.

### **Reduced Income from Traded Services**

- 3.21 Traded Services with schools represents a significant part of the Council's budget, with approximately £5m of income being generated across various service areas. Academy status can have an impact on whether a given school buys back a services the Council provides, most notably would be insurance which cannot be provided by the Council to an academy. In addition, the contract renewal for schools trading services has moved to an academic year,

and the level of budget assumed buy back could change in September. Due to the stepped nature of costs it may not be possible to reduce costs commensurate with any reduction in income.

### **Debt Servicing**

3.22 There are a number of risks associated with treasury management and the Capital Investment Programme, many of which are outlined in more detail in the relevant reports also on the agenda. In 2014/15, given the historically low level of interest rates, the Council has built into its budget plans that no new external borrowing will take place and that cash balances will be run down instead. This is common in many authorities but the difference for Trafford will be that any changes in the approach would likely lead to adverse budget consequences.

3.23 These risks are influenced by external factors relating to the overall economy, which at the present time continues to be difficult to predict and may have uncertain effects.

3.24 The primary Treasury Management risks are:

Movements in the cash flow cycle, caused by changes in the rate of payments or receipts. A decline in the economy could reduce the rate at which income is received. The Council's cash flow is monitored on a daily basis, and a new end of year position and average cash flow level forecasted. This provides an early warning system so that appropriate action can be taken.

Interest rate changes for either debt or investments. Investment rates are expected to continue at their current low levels which will remain to suppress the Council's income. However, in the short term, as borrowing rates are significantly higher the Council will continue to borrow from cash flow to part finance its capital programme and avoid these higher costs. The loss in investment rate is therefore mitigated by avoiding higher borrowing costs. However, rates could change rapidly, and the Council not only undertakes pro-active Treasury Management, it also employs on a retainer basis external consultants who ensure as best as possible that the Council is informed early of any adverse changes and/or potential opportunities.

This pro-active Treasury Management is governed by a number of rules, indicators and regular review by Members as outlined in the Treasury Management Strategy elsewhere on the agenda.

3.25 In addition to debt charges the proposed Capital Investment Programme (elsewhere on the agenda) has other business implications. Capital receipts

may not be realised before expenditure has taken place. Past experience has shown this is a small risk.

- 3.26 A Treasury Management smoothing fund has also been established to avoid changes in the external markets impacting on the budget. None the less, the sums and risks involved in these areas can be considerable, and special attention has been given in the assessment of the minimum reserve calculation.

### **Levy payments**

- 3.27 The risks associated with levy payments for GM Combined Authority (passenger transport) and Flood Defence are borne by the respective levying body. The Waste Disposal levy can vary according to the tonnage of waste collected. A reasonable assumption on the tonnage figures has been included in the budget and monthly figures are provided by the Waste Disposal Authority to assist in monitoring of the budget. In addition there is a small smoothing reserve available to equalise the costs of the Waste Disposal PFI over the medium term.

### **Efficiencies**

- 3.28 The 2014/15 budget is based on achieving savings totalling £13.2m. The Council has now built up considerable expertise in efficiency programming, monitoring, delivery and benefit realisation, and a tradition of successfully delivering significant savings.
- 3.29 Each of the savings proposals is subject to milestone and contingency planning, backed up by a robust delivery plan. However, the generation of efficiencies is getting harder, taking more effort and time to deliver. Whilst confidence in the processes is high, there remains the possibility that for other business reasons, projects may slip or may not be fully deliverable, and as such these considerations have been taken into account when forming a view on the minimum reserve level.

### **Efficiencies – Staff Terms and Conditions**

- 3.30 The 2014/15 budget has included £1.82m of savings associated with changes to staff terms and conditions. Whilst the majority of the savings have been loaded against budget heads, a proportion cannot be specifically assigned as they relate to suppressing generic costs such as reducing agency spend and limiting overtime rates. Due to the uncertainty and potential for slippage in savings in the first year of operation, a provision has been made within the calculation of the minimum reserve level.



## **4. INCOME ANALYSIS**

### **Government Grants**

- 4.1 The main source of funding remains Government grants. The proposed 2014/15 budget is based on the level of general and specific grants as notified by the Government. There are a few grants which are subject to change, in particular the Education Support Grant, budgeted at £(3.5)m which is subject to change dependent upon pupil count. Should there be a relative change in pupil numbers with other authorities and/or Academies the value of this grant could change, and any shortfall will impact adversely. Based on prior year pupil number forecasts being accurate to within 1%, the likelihood of significant variation is deemed not to exceed a level which can be eliminated by management action within the base budget.

### **Fees and Charges**

- 4.2 Variations in income are expected to be managed by services within their budgets. The budget includes income from Fees and Charges of £20m. The calculation of the minimum general reserve level allows for potential reductions in fees and charges generally, and for any further effects of the economic climate on existing and, in particular, new income streams included in the proposed budget.
- 4.3 Any downturn in the economic climate can also reduce the ability to collect debt, and improved arrangements for bad debt collection were introduced during 2010/11 giving managers more responsibility for the recovery.
- 4.4 Trading activities will be closely monitored during the year and costs reduced to compensate for changes in trading levels.

### **Investment Income and Dividends**

- 4.5 The main source of dividend income is from Manchester Airports Group (MAG). The budget includes for £1.4m in dividend as notified, and is based on the company's ten year business plan.
- 4.6 During 2013 signs of an global economic recovery emerged however this position remains in a fragile condition with interest rates not forecasted to move upwards until 2016. This issue is discussed in greater detail in the Treasury Management Strategy elsewhere on the agenda. A small provision for either a rate reduction and lower than expected balances has been built into the calculation of the minimum general reserve level.

## **Council Tax**

- 4.7 On the whole council tax is a reliable and sustainable source of income, however, it does have some risks:

Revaluation claims, thought to be on the decline, have shown signs of increasing again during 2013/14.

A number of households having to pay more in council tax as a result of changes to exemptions and also the new council tax support scheme. The service has a track record of increasing collection performance year on year, and the Council has the highest performance in Greater Manchester. These new changes have not had a significant adverse impact on collection rates in 2013/14 however will continue to be kept under close review during the year

- 4.8 With a council tax freeze proposed by the Council, and improving collection performance, the risks to income levels will only arise should future discounts and exemptions exceed expected levels. This is monitored closely throughout the year and reported to the Executive in the monthly revenue budget monitoring reports.

## **Business Rate Retention Scheme**

- 4.9 The Business Rate Retention Scheme introduced in 2013/14 represented a significant change in the financial regime governing local authorities by introducing the potential for Local Government to retain an element of the growth in their business rates. The scheme is complex, however, the key elements for Trafford are:

- The Government baseline (target) for collection in 2014/15 is £154.6m.
- Should actual collection exceed baseline our, the Council will retain 24.5% of any excess.
- Should the actual collection fall below our baseline, the Council will be required to meet its share of this shortfall (49%) up to a safety net of £2.4m.
- Considerable uncertainty exists over the likely financial impact of outstanding appeals against rateable values (RV) lodged with the Valuation Office. Nearly 43% of the total RV in Trafford is subject to appeal and for the first time the Council has a financial interest in the outcome of all appeals.
- Government advice on the treatment of potential future appeals is yet to be formalised and this is subsequently creating further uncertainty.

In 2013/14, the Council did not budget for any loss, nor surplus, on business rates as a result of the new Rate Retention Scheme, however the financial

impact of underwriting a potential safety net payment at £2.4m was included in the minimum reserve calculation. During 2013/14, the level of appeals actually being settled resulted in the safety net being triggered.

In 2014/15, the Council is again not budgeting for any loss, nor surplus, on business rates as a result of the new Rate Retention Scheme. However due to the uncertainty surrounding potential future appeals, the financial impact of underwriting the safety net payment has been included in the minimum reserve calculation.

## **5. GENERAL APPROACH TO THE BUDGET**

- 5.1 The budget process has involved the identification or forecasting of spending needs, likely resource availability, and opportunities for efficiencies, income generation and resource realignment. Issues identified during the 2013/14 budget monitoring process and planning process review have all been addressed in the 2014/15 budget wherever appropriate.
- 5.2 The process has involved the Executive Portfolio Holders, members of the Corporate Management Team and other service management supported by Finance Managers.
- 5.3 All budget managers have been requested to sign their budget working papers and are therefore aware of their proposed budget for 2014/15, and the assumptions the budget is based on, which includes income targets.

## **6. EMERGENCIES and CONTINGENCIES**

- 6.1 Across the Council relevant services have been reviewing their contingency and emergency plans to deal with business interruptions, such as a power cut or high levels of localised sickness, and emergencies, such as extreme weather conditions. Business continuity plans are developed to reduce reliance on increased expenditure.
- 6.2 The Council carries some insurance to mitigate some potential risks and circumstances, and in the cases of emergencies, the Government has an emergency funding (the “Bellwin”) scheme.
- 6.3 However, there are limits to insurance and the extent of the Council’s insurance reserves, and the Government emergency funding scheme has both an activation threshold and a maximum percentage contribution to costs. The minimum level of general reserve also includes for the need to set aside monies for emergencies and disasters.

## 7. CONCLUSION ON ROBUSTNESS

- 7.1 There can be no guarantee that expenditure will be contained within each and every budget; this is due to the varying demands that are part and parcel of the Council's business. In recognition of this there is a comprehensive approach to the budget preparation and the assumptions underpinning its calculation, together with monitoring arrangements, provide reasonable assurance that overall the Council will meet the majority of its financial responsibilities with the planned resources available.
- 7.2 The year ahead presents a number of financial challenges, and in particular I would draw Members' attention to areas of uncertainty for which mitigating action is included in the budget and/or reserves, if required;
- There is still a significant risk surrounding the level of outstanding appeals for Business Rates. Guidance on the treatment of future appeals has yet to be released by the Government. The Council will need to maintain a suitable reserve to cover the potential shortfall in retained business rates before the Government safety net applies.
  - Potentially higher than anticipated numbers of clients in demand led budgets;
  - Slippage in achieving efficiencies and income generation proposals;
  - The ability to manage inflation target through better procurement;
  - The effect of any pay award above the provision assumed;

It is also worth noting the positive effects of the current economic climate through :

- potentially greater competition in the market place assisting securing efficiency by way of procurement;
- low annual pay awards.

## 8. GENERAL and other RESERVES 2014/15 – MINIMUM LEVEL and MOVEMENTS

- 8.1 Based on the above robustness assessment I advise Council to set a minimum level of £6.0m for the general reserve, as assessed in the following table which links to the relevant risk area in the above report. The overall risk has been reduced by 30% to reflect that not all risks will occur at the same time:

<b>Para Ref</b>	<b>Table 1: Advised minimum level of General Reserve</b>	<b>2014/15 £m</b>
3.21 – 3.25	Tax & Treasury Management	0.16
3.7 – 3.14	Pay & inflation	1.40
4.3 – 4.6	Fees and Charges	0.10
6.0	Emergency & Disaster Recovery	1.95
3.27 – 3.28	Efficiencies	1.54
3.15 – 3.20	Demand led budgets	1.27
4.1 – 4.11	General Fund Financing	2.39
	<b>TOTAL</b>	<b>8.81</b>
	<b>Nominal reduction of 30%</b>	<b>(2.65)</b>
	<b>Advisory level of minimum reserve</b>	<b>6.16</b>

- 8.2 Based on the latest available 2013/14 revenue budget monitoring information, the expected balance on the General Reserve as at 1 April 2014 and the uncommitted balances for future years is as follows:

<b>Forecast General Reserve level</b>	<b>Forecast (£000's)</b>
<b>Balance brought forward 31 March 2013</b>	<b>(10,644)</b>
<b>Commitments 2013/14:</b>	
Planned base budget support 2013/14	906
One off Projects carried over from 12/13	98
Agreed 13/14 Projects	1,019
Business Rates Safety Net	2,386
Waste Levy Refund	(538)
Underspend on Council-Wide budgets	(1,925)
<b>Forecast balance 31 March 2014</b>	<b>(8,698)</b>
<b>Commitments 2014/15:</b>	
Planned base budget support 2014/15	2,007
<b>Forecast balance 31 March 2015</b>	<b>(6,691)</b>

- 8.3 The above table shows a modest balance of 10% over the recommended minimum level of £6m.
- 8.4 In addition to the general reserve there are a number of other earmarked reserves and provisions held for specific purposes, in summary these are:

<b>Reserve Statement (estimated as at February 2014)</b>	<b>Estimated Balance at 1 April 2014 (£000's)</b>	<b>Estimated net spend 2014/15 (£000's)</b>	<b>Estimated Balance at 31 March 2015 (£000's)</b>	<b>Estimated net spend 2015/16 (£000's)</b>	<b>Estimated Balance at 31 March 2016 (£000's)</b>
Schools General	(11,285)		(11,285)		(11,285)
Schools Synthetic Pitches	(120)	(15)	(135)	(15)	(150)
<b>Schools Total</b>	<b>(11,405)</b>	<b>(15)</b>	<b>(11,420)</b>	<b>(15)</b>	<b>(11,435)</b>
Non-Schools Earmarked Reserves:					
Insurance	(3,677)	145	(3,532)	172	(3,360)
Revenue Projects	(626)	396	(230)	221	(9)
Employee Rationalisation	(2,853)	0	(2,853)	0	(2,853)
Transformation Reserve	(1,390)	736	(654)	647	(7)
Services' Reserves	(1,242)	(563)	(1,805)	0	(1,805)
Smoothing Reserves	(3,744)	641	(3,103)	19	(3,084)
<b>Total</b>	<b>(13,532)</b>	<b>1,355</b>	<b>(12,177)</b>	<b>1,059</b>	<b>(11,118)</b>
<b>General Reserve</b>	<b>(8,698)</b>	<b>2,007</b>	<b>(6,691)</b>	<b>0</b>	<b>(6,691)</b>
<b>Total of non-School Revenue Reserves</b>	<b>(22,230)</b>	<b>3,362</b>	<b>(18,868)</b>	<b>1,059</b>	<b>(17,809)</b>
<b>Capital reserves:</b>					
Capital Projects	(20,852)	11,346	(9,506)	5,422	(4,084)
<b>Total Capital Reserves</b>	<b>(20,852)</b>	<b>11,346</b>	<b>(9,506)</b>	<b>5,422</b>	<b>(4,084)</b>

8.5 A review of these reserves and provisions has been undertaken, and the following transfers, which have been included in the above table, have taken place :

- £0.7m from the Interest Rate Smoothing Reserve following a review of the latest assumptions on medium term market rates on investments and borrowing, redirected to the Employee Rationalisation Reserve to accommodate the likely impact of future costs associated with restructuring/New Organisational Model.

8.6 In addition to reserves the Council also has a number of provisions. In addition to bad debt provisions, the Council has three provisions dealing with specific liabilities:

- **Equal Pay**; currently the Council is in litigation with a number of past and present members of staff. The Council took the prudent step of maintaining a sum of money in the event that it was found that some liability exists. The legal process has largely been complete and the Council is actively trying to settle all remaining claims during 2013/14 and 2014/15.

- **Public and Employee Liability**; relating to insurance claims, these provisions are reviewed by an independent Actuary every May, and the levels reflect the advice of the Actuary.
- **Section 117 Mental Health Act**; following a legal challenge at another authority and subsequent change in the law, previous common practices on the charging of income have been deemed unlawful. The Council has set money aside to compensate claimants.

9. **CONCLUSION**

- 9.1 If the general reserve is set at £6.0m, the reserves available to the Council in 2014/15 are considered to be adequate to cover the calculated financial risks contained within the 2014/15 budget proposals.

**IAN DUNCAN  
DIRECTOR OF FINANCE  
11 FEBRUARY 2014**