

## TRAFFORD COUNCIL

Report to: Executive

Date: 28 July 2014

Report for: Information

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

### Report Title:

Revenue Budget Monitoring 2013/14 – Period 12 Outturn (April 2013 to March 2014).

### Summary:

The approved revenue budget for the year is £159.003m and the pre-audit outturn is £155.326m. This is an underspend of £(3.677)m, (2.3)% for the year (summary tables by Directorate and Portfolio at paragraphs 1 to 3). The Adult Social Care January reported figures have been amended to correct for unsound forecast assumptions and the reclassification of Public Health expenditure (please see Annex 1).

Excluding Council-Wide budgets and the LD Pool, the service expenditure outturn is £(1.268)m less than budgeted, or (0.9)%.

The Learning Disability Pooled fund has overspent by £1.549m. The main areas of overall budget variance are summarised as:

Activity	Outturn £m	Period Movement £m
Social Services demand led budgets	3.6	(0.2)
Projects/savings rescheduling	0.4	(0.4)
Vacancy management	(1.5)	(0.3)
Income	(1.4)	(0.6)
Public Health commissioned services	(1.1)	-
New Grants	(0.5)	(0.3)
End-of-year adjustments	(0.5)	(0.4)
Running costs	(0.3)	(0.3)
<b>Service Outturn</b>	<b>(1.3)</b>	<b>(2.5)</b>
Additional Airport dividend	(1.3)	-
Other Council-wide budgets	(2.6)	(2.0)
<b>Total Outturn (excl. LD Pool)</b>	<b>(5.2)</b>	<b>(4.5)</b>
Learning Disability Pool	1.5	(0.3)

The main variances for the year are:

- An overspend in demand led budgets £5.261m, which includes £1.616m in the LD Pool;
- Additional grant and other income, £(2.462)m;
- Treasury Management savings including Airport dividend, £(2.305)m;
- Vacancy management across all Directorates, £(1.484)m;
- Commissioned service underspends in Public Health, £(1.148)m
- Improved debt collection resulting in a saving on bad debt provision, £(0.642)m;
- Benefits and Business Rates Discretionary Rate relief savings, £(0.558)m;

The main movements since the last report are:

- Urmston Town Centre redevelopment - re-imburement of interest, £(0.899)m;
- Improved debt collection resulting in a saving on bad debt provision, £(0.642)m;
- Increase and recognition of income, particularly in Youth Services, £(0.642)m;
- Vacancy management and general cost control, £(0.628)m;
- Rephased projects, £(0.431)m
- Housing & Council Tax benefits and NNDR Discretionary Rate relief savings against budget, £(0.295)m;
- Additional grants applied of £(0.376)m;

### **Reserves**

The level of General Reserve at year end is £(11.0)m (see paragraph 13). Deducting future planned commitments the available balance is £(8.7)m, which is £(2.7)m above the minimum level of £(6.0)m.

The net service carry forward reserves at the beginning of the year were £(3.6)m. With a planned use to support savings and change projects of £0.9m, plus a net underspend of £(1.3)m, the projected carry forward is £(4.0)m. The Learning Disability Pool reserve had an adverse brought forward balance of £1.5m, which has been increased in-year to £3.0m.

### **Council Tax**

There is an in-year Council Tax surplus, of £(0.380)m, an adverse movement of £0.514m since the last report, which includes an increase in the bad debt provision of £0.519m.

### **Recommendation(s)**

#### **It is recommended that:**

- a) The pre audited outturn be noted and:
- b) The General Reserve and Collection Fund balances and commitments are noted and confirmed.

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

Head of Financial Management

Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure has been contained within available resources in 2013/14.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance: .....ID.....

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

Director of Finance Signature: .....ID.....

## Budget Monitoring – Summary Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £(3.677)m, (2.3)%, for 2013/14 (Tables 1 & 2), which is a favourable movement of £(4.784)m from last period (paragraph 5).
2. The overall variance includes a net underspend on the four Directorate budgets of £(1.268)m, (0.9)%, and a net underspend on Council-wide budgets of £(3.958)m, (16.8)%. The details of service variances can be found in Annexes 1 to 4, and for Council-Wide, Annex 5
3. In addition the Learning Disability (LD) Pool has overspent by £1.549m or 7.7% of the budget. When added to the brought forward adverse balance on the fund of £1.472m, this gives a cumulative deficit balance carried forward into 2014/15 of £3.021m:

<b>Table 1: Budget Monitoring results by Directorate</b>	<b>Outturn (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>	<b>Annex</b>
Children, Families & Wellbeing	(13)	(0.0)%	(1,747)	1
Environment, Transport & Operations	(20)	(0.1)%	(86)	2
Economic Growth & Prosperity	(298)	(9.1)%	(298)	3
Transformation & Resources	(937)	(4.6)%	(331)	4
<b>Total Service Variances</b>	<b>(1,268)</b>	<b>(0.9)%</b>	<b>(2,462)</b>	
Council-wide budgets	(3,958)	(16.8)%	(2,003)	5
<b>Outturn variance (excl. LD Pool)</b>	<b>(5,226)</b>	<b>(3.3)%</b>	<b>(4,465)</b>	
Learning Disability Pool	1,549	7.7%	(319)	1
<b>Total Outturn</b>	<b>(3,677)</b>	<b>(2.3)%</b>	<b>(4,784)</b>	

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Outturn (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>
Supporting Children & Families	(718)	(2.9)%	(678)
Education	(155)	(2.2)%	(312)
Adult Social Services	761	2.4%	(756)
Community Health & Wellbeing	99	11.5%	(1)
Highways & Environment	(20)	(0.1)%	(86)
Safe and Strong Communities	(14)	(0.6)%	(32)
Economic Growth & Prosperity	(298)	(9.1)%	(298)
Transformation & Resources	(576)	(4.1)%	(189)
Finance	(4,305)	(15.6)%	(2,113)
<b>Outturn variance (excl. LD Pool)</b>	<b>(5,226)</b>	<b>(3.3)%</b>	<b>(4,465)</b>
Adult Social Services (LD Pool)	1,549	7.7%	(319)
<b>Total Outturn</b>	<b>(3,677)</b>	<b>(2.3)%</b>	<b>(4,784)</b>

## Key Outturn Variations and Period Movements

4. The key variances for the year contributing to the outturn position of £(3.677)m are:
  - An overspend in demand led budgets of £5.261m (see Annex 1); particularly in Older Peoples Services of £1.745m, Learning Disability Pooled budgets of £1.591m, £0.717m in Children's Placements, Mental Health £0.497m, Home to School SEN Transport £0.404m, and Physical Disabilities £0.259m.
  - Treasury management investment income of £(2.305)m; increased airport dividend as a consequence of the successful Stansted airport acquisition of £(1.321)m, and income for loss of interest on the Urmston Town Centre redevelopment £(0.899)m.
  - Vacancy management and cost control across all services £(1.484)m.
  - New and increased income generated additional funding of £(1.416)m; Children's Services and in particular Youth Services of £(0.580)m, Parking Fees £(0.245)m, commercial portfolio £(0.224)m, and the sale of support services to schools and partners £(0.320)m.
  - End of year adjustments £(1.576)m; improved collection rates has allowed for a reduction in the bad debt provision of £(0.642)m, identification of overpaid benefits £(0.406)m, a contingency budget for nursery provision being released, £(0.160)m, the responsibility for discretionary rate relief falling upon the collection fund released a budget of £(0.152)m from the general fund, writing back the s117 Mental Health Act provision of £(0.118)m, additional capitalisation of Telecare expenditure £(0.098)m.
  - Underspending on commissioned services in Public Health, £(1.148)m; note that public health related expenditure across adult social care of £1.248m has been reclassified to Public Health (see Annex 1).
  - Additional grants of £(1.046)m; a number of new burden and/or policy grants were issued after the Local Government Finance Settlement, the majority of specific grants supported children's services, £(0.515)m (see Annex 1), and the rest were available for general funding, £(0.531)m (see Annex 5).
5. The key variances contributing to the period movement of a favourable £(4.784)m are:
  - End of Year adjustments (detailed above) £(1.238)m from the position estimated in January.
  - Income for loss of interest on the Urmston Town Centre redevelopment £(0.899)m (Annex 5).
  - Increase and recognition of income, particularly in Youth Services, £(0.642)m.
  - Vacancy management and general cost control of £(0.628)m.
  - Rephased projects £(0.431)m.
  - Additional application of grants £(0.376)m.

## MTFP Savings and increased income

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

<b>Table 3: Savings 2013/14</b>	<b>Budget target (£000's)</b>	<b>Outturn (£000's)</b>	<b>In-year Variance (£000's)</b>
Transformation savings	(8,005)	(8,086)	(81)
Other savings	(10,515)	(10,316)	199
<b>Total</b>	<b>(18,520)</b>	<b>(18,278)</b>	<b>118</b>

7. Revenues & Benefits 2013/14 Transformation savings exceeded budget by £(150)k, and a one-off surplus of £(124)k was achieved on the Long Term Accommodation project.
8. There was slippage on Enforcement £0.232m due to additional staff consultation and establishing the STaR Procurement Shared Service, £18k, where implementation was delayed until February 2014. However, sustainable savings were achieved on these projects and alternative in-year savings were identified or reserves applied for 2013/14 to mitigate these savings shortfalls.
9. There were two Home to School Transport savings for 2013/14, one of them related to a review of transport costs, but the review did not generate the £175k that had been anticipated. Sustainable Telecare savings were £100k short of budget but largely offset by £(82)k of linked one-off savings.
10. Three savings outside of the Transformation Programme, totaling £199k, were not achieved. Delays in implementing the closure of Katherine Lowe House and Princess Centre - reduction in savings £0.110m, £0.062m delayed saving in the financial operations team due to the rephasing of the implementation of the Liquid Logic system, further work required to fully realise the savings target for the merger of the CFW Directorate £0.027m.

## Council Tax

11. There have been a number of regulatory changes impacting on Council Tax collection, in particular the introduction of the Council Tax Support Scheme and the ability to move from a 10-month to a 12-month payment plan. The in-year collection rate for 2013/14 was 97.7% which compares favourably against target of 97.4%, and remains the highest of all GM Authorities for the eighth year running.
12. Whilst the in-year collection rate has been better than expected, end of year procedures have identified that the collection of older Council Debt has not been as successful as previous years. As a consequence prudence requires a higher bad debt provision be made than budgeted of £519k, which is primarily why the previously forecasted outturn of £(894)k surplus has reduced to the actual outturn for 2013/14 of £(380)k. Nevertheless the unpaid debts will continue to be pursued and if successful this will improve the balance on the Collection Fund.

<b>Table 4: Council Tax Outturn for 2013/14</b>	<b>Overall (with all precepts)</b>		<b>Trafford element only</b>	
	£(000's)	£(000's)	£(000's)	£(000's)
<b>Surplus brought forward</b>		<b>(6)</b>		<b>(5)</b>
Changes in Band D equivalents	(344)		(290)	
Empty Homes Premium	(146)		(123)	
Council Tax Support awards	(856)		(721)	
Backdated valuations & discounts	279		235	
Additional Bad Debt Provision	615	(452)	519	(380)
<b>Surplus carry forward</b>		<b>(458)</b>		<b>(385)</b>

## Business Rates

13. The Valuation Office Agency has provided a quarterly update on the level of outstanding appeals as at 31<sup>st</sup> March 2014; this shows that the amount of appeals has reduced from £137m to £128m, largely as a result of appeals outstanding being settled. A provision has been estimated at £34.1m to cover the estimated cost of both known appeals and those that are likely to arise in the future and includes for any backdated costs. The level of the provision means that the retained rates in 2013/14 will be significantly below the Council's baseline. This shortfall will subsequently trigger the Government safety net and require the Council to make a contribution of £2.4m, which has been set aside within the General Reserve as shown in Table 5 below.

## Reserves

14. The table below shows the balance on the General Reserve at 31 March 2014 and also includes for the future commitments agreed by Council on 19 February 2014 as part of the 2014/15 Budget, and adjustments made as a consequence of the end of year accounts process. The balance at year end is £(10.980)m. After taking into account future plans the uncommitted balance is £(8.7)m, £(2.7)m above the agreed minimum level of £(6.0)m.

<b>Table 5: General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2013</b>	<b>(10,643)</b>
<b>Commitments in 2013/14:</b>	
- Planned use for 2013/14 Budget	906
- One-off projects from 2012/13 brought forward	98
- Planned use for one-off projects 2013/14	769
- Waste Levy refund (one-off)	(538)
- Council-wide budgets underspend	(3,958)
- Potential trigger of Safety Net (paragraph 9)	2,386
<b>Balance 31 March 2014</b>	<b>(10,980)</b>
- 2014/15 base budget support	2,007
- 2014/15 one-off initiatives and commitments	279
<b>Projected balance after known commitments</b>	<b>(8,694)</b>

15. Service balances brought forward from 2012/13 were a net £(3.6)m. After the pre-audited outturn for the year, there is a net surplus of £(4.003)m to be carried forward to 2014/15 (Table 6). Some of this surplus is already committed to rephased projects, including the investment costs for 2014/15 budget savings proposals, and the remainder is anticipated to support future budgets.
16. The Learning Disability Pooled budget had an opening deficit balance of £1.472m. The anticipated recovery plan did not deliver the net in-year reduction target of £(0.906)m, with the final outturn on the LD Pool being an additional deficit of £1.549m bringing the total deficit being carried forward into 2014/15 to £3.021m (see Annex 1).

<b>Table 6: Service balances</b>	<b>B/f April 2013 (£000's)</b>	<b>Movement in-year (£000's)</b>	<b>Balance c/f March 2014 (£000's)</b>
Children, Families & Wellbeing	(1,427)	556	(871)
Environment, Transport & Operations	(439)	(55)	(494)
Economic Growth & Prosperity	(312)	(348)	(660)
Transformation & Resources	(1,389)	(589)	(1,978)
<b>Total All Services (Surplus)/Deficit</b>	<b>(3,567)</b>	<b>(436)</b>	<b>(4,003)</b>
Learning Disability Pool	1,472	1,549	3,021
<b>Total (Surplus)/Deficit</b>	<b>(2,095)</b>	<b>1,113</b>	<b>(982)</b>

## Recommendations

17. It is recommended that:
- The pre audited outturn be noted and:
  - The General Reserve and Collection Fund balances and commitments are noted and confirmed.



## TRAFFORD MBC

Report to: CFW Directorate Management Team  
Date: 17 June 2014  
Report for: Discussion  
Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2013/14 – Final Outturn Report  
(April 2013 to March 2014 inclusive)**

**1. Summary 2013/14 Outturn and consequences for the 2014/15 budget**

1.1 The outturn for 2013/14 is £84.139m, which when compared to the budget of £82.602m is an adverse variance of £1.537m or 1.8%. This is a significant increase on the previously reported position of £(0.420)m favourable, which is now known to be based on unsound forecast assumptions. The outturn includes for:

- An overspend in demand led budgets, such as care packages and SEN transport, of £5.579m, particularly in Older People's and Learning Disability adult social care, this includes for the net in-year shortfall on the Telecare saving of £0.018m.
- Rephasing of projects, other savings and the rationalising of budgets and expenditure of a similar nature across the Directorate, primarily in the area of Public Health, generated a favourable variance of £(1.481)m.
- One-off events such as additional grant income, vacancy management, and modest underspends in running costs has generated a favourable £(2.561)m.

1.2 Further information on the variance is set out later within this report.

1.3 **It has now been identified that the previous reported position (Period 10: January 2014), for Adult Social Care included unsound assumptions regarding care package commitments which are demand led and did not reflect the reclassification of expenditure eligible for Public Health Funding.**

1.4 **In order to provide relevant comparative information January forecasts in respect of Adult Social Services, Community Health & Wellbeing and the Learning Disability Pool have now been reworked. An analysis of the movement in the January forecast is attached as Appendix 1 and any references to previous forecasts within this report relate to this adjusted forecast.**

1.5 In addition to the outturn for 2013/14, and assuming that all budgeted 2014/15 savings are achieved, there is an estimated adverse impact in excess of £5m on the 2014/15 budget, predominantly relating to demand led care package budgets, primarily in the areas of Older People and Learning Disability

Services. This is subject to robust management action being taken to mitigate these additional pressures.

## **2 Explanation of significant outturn variances from 2013/14 Budget**

2.1 The outturn variances are summarised below by Portfolio, with more detail at Appendix 2.

Supporting Children & Families and Education Portfolios - £(873)k favourable variance.

- Increased numbers of external child care placements of £717k. This increase has been provided for in the 2014/15 budget.
- Overspend of £404k as a result of increased SEN Transport client numbers, plus £175k unrealised procurement saving from a review of transport costs. The increase in client numbers was provided for in the 2014/15 budget, however, an alternative to the saving will now be required.
- Additional income of £(1,189)k; additional fostering, adoption, Youth Offending and similar grants of £(515)k, contributions from Schools and Academies for Early Years services £(314)k, unbudgeted income in Youth Services of £(227)k, and net adoption fees of £(133)k. These budgets are currently being reviewed to determine whether any of this income can be relied upon in 2014/15.
- Rephasing of project expenditure £(431)k; Youth Offending £(227)k, services commissioned through third parties £(204)k.
- Nursery contingency provision not required £(160)k.
- Vacancy management and underspends in general running costs amounting to £(389)k.

Adult Social Care Portfolio (excluding Learning Disability pool) - £860k adverse movement.

- Increased client numbers across all demographics of £2,501k; Older people £1,745k, Physical Disability £259k, Mental Health £497k. These figures include for the net in-year shortfall on the Telecare saving of £18k. In addition, there are some other demand led budgets which have a net overspend of £48k.
- Other rephased savings and projects and variations in other commitments across all services provides a net £(905)k favourable variance. Contained within this is a £(1,248)k reclassification of expenditure eligible for Public Health Funding.
- This variation in care packages, savings and other commitments has been mitigated by £(537)k of vacancy management, and £(5)k control of running costs.
- End of year adjustments to provisions and the net capitalisation of expenditure provides for a variance of £(242)k.

### **3 Learning Disabilities Pooled Fund**

- 3.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £1,472k, and a recovery plan to deliver cash savings against budget over two financial years to address this. The plan was expected to generate a net cash saving of around £(900)k in 2013/14.
- 3.2 The 2013/14 outturn is an overspend of £1,550k:
- An underlying structural budget deficit of approximately £1,909k not taken into account in the LD recovery plan which was mostly cash savings not budget savings based.
  - The recovery plan achieved savings of £(317)k in 2013/14 compared to the target of £(900)k. This saving will increase to £(404)k in 2014/15 with further savings in 2015/16 also anticipated. In addition, many preliminary recovery actions were taken during the year, which should provide a platform for more savings in 2014/15.
  - Net vacancy management and control of running costs provided additional in year savings of £(42)k. Some of this may be repeatable in 2014/15.
- 3.3 The gross carry forward balance on the LD Pool will be £3,022k, with additional unbudgeted net pressures in 2014/15 in the region of £2m to £2.5m to be addressed. This combined pressure is likely to be met from a mix of:
- Base budget savings; the earlier in the year savings are implemented the greater impact they will have on the cash position of the service. Any remaining base budget pressure will need to form part of the gross savings requirement for the 2015/16 budget.
  - One-off cash savings and/or contributions from other services and/or reserves.
- 3.4 Robust Management action plans to meet the carry forward and in-year pressures are being prepared alongside:
- The need to deliver 2014/15 budget savings;
  - The need to control and manage demand in year to avoid new or further pressure, and
  - The preparation of initiatives to meet the demands of the 2015/16 budget, introduction of the Better Care Fund, closer and broader service integration with partners, and consequences of the Care Act, 2014.

### **4 Service carry-forward reserves**

- 4.1 At the beginning of April 2013 the Children, Families and Wellbeing Directorate had accumulated balances of £(1,427)k carried forward from previous financial years. The carried forward balance on the Learning Disability Pooled Fund was an adverse £1,472k. The Dedicated Schools balance was a favourable £(2,453)k, but this can only be used for schools related expenditures.

- 4.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

<b>Table 1: Utilisation of Service Carry forward Reserve 2013/14</b>	<b>(£000's)</b>
Balance brought forward 1 April 2013	(1,427)
Specific expenditure assigned against the reserve re: invest to save	569
2013/14 Outturn	(12)
<b>Balance carried forward at 31 March 2014</b>	<b>(870)</b>
<b>Specific Expenditure planned for 2014/15 (subject to review)</b>	<b>806</b>
<b>Estimated available balance</b>	<b>(64)</b>

<b>Table 2: Utilisation of Carry forward Reserve 2013/14 – Dedicated Schools Grant</b>	<b>(£000's)</b>
Balance brought forward 1 April 2013	(2,453)
2013/14 Outturn	(657)
<b>Balance carried forward at 31 March 2014</b>	<b>(3,110)</b>
<b>Planned allocations to Schools 2014/15</b>	<b>750</b>
<b>Estimated available balance</b>	<b>(2,360)</b>

<b>Table 3: Utilisation of Carry forward Reserve 2013/14 – Learning Disabilities Pooled Fund</b>	<b>(£000's)</b>
Balance brought forward 1 April 2013	1,472
2013/14 Outturn	1,550
<b>Balance carried forward at 31 March 2014</b>	<b>3,022</b>

- 4.3 With an anticipated overspend in the order of £5m to £6m in 2014/15, planned application of available balances will need to be reviewed alongside management and budgetary plans to address these pressures.

## 5 Management Action

- 5.1 Following a detailed analysis of budgets and plans by management and finance, proposals to address the following are being prepared for Member approval:
- A net non-DSG carried forward overdrawn reserve position of £2,152k, with currently planned use of £806k.
  - Demand led client costs in the region of £5m, which had not been budgeted for.
  - The extent that some of the one-off savings in 2013/14 of £(2,519)k can be repeated.

## Adjusted January (Period 10) Forecasts

The following table sets out the reworked Period 10 forecasts based on updated expenditure assumptions in relation to:

- Public Health – the reclassification of expenditure eligible for funding through Public Health Grant.
- Care Package Assumptions – correction of unsound assumptions re client forecasts.
- Itemised changes – specific changes identified and explained in notes below table.
- Minor variations – other variations identified as part of the detailed reworking.

Budget Book Format (Objective analysis)	Reported Period Variance (£000's)	Public Health (£000's)	Care Packages Assumptions (£000's)	Itemised Changes (£000's)	Minor Changes (£000's)	Adjusted Period 10 Variance (£000's)	Note
<b>Education Portfolio</b>							
Dedicated Schools Grant	-	-	-	-	-	-	
Transfer to Dedicated Schools Grant Reserve	-	-	-	-	-	-	
Education Early Years' Service	157	-	-	-	-	157	
<b>Sub-total</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157</b>	
<b>Supporting Children &amp; Families Portfolio</b>							
Children's Social Services	490	-	-	-	-	490	
Children with Complex & Additional Needs	(133)	-	-	-	-	(133)	
Commissioning	(117)	-	-	-	-	(117)	
Multi Agency Referral & Assessment Service (MARAS)	46	-	-	-	-	46	
Youth Offending Service	(82)	-	-	-	-	(82)	
Children's Centres	(169)	-	-	-	-	(169)	
Youth Service	(75)	-	-	-	-	(75)	
<b>Sub-total</b>	<b>(40)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	
<b>Adult Social Services Portfolio</b>							
Older People	(235)	(461)	1,967	-	95	1,366	
Physical Disabilities	(151)	(153)	451	-	(47)	100	
Equipment & Adaptations	6	-	-	-	-	6	

<b>Budget Book Format (Objective analysis)</b>	<b>Reported Period Variance (£000's)</b>	<b>Public Health (£000's)</b>	<b>Care Packages Assumptions (£000's)</b>	<b>Itemised Changes (£000's)</b>	<b>Minor Changes (£000's)</b>	<b>Adjusted Period 10 Variance (£000's)</b>	<b>Note</b>
Mental Health	281	(365)	94	-	(51)	(41)	
Other Adult Services	(4)	(188)	-	99	-	(93)	a
Strategic & Support Services	45	-	-	-	55	100	
Adaptations	135	-	-	-	-	135	
Housing Services	24	(61)	-	200	-	163	b
Community Services	4	(20)	-	(163)	(5)	(184)	
Equalities & Diversity	(35)	-	-	-	-	(35)	c
<b>Sub-total</b>	<b>70</b>	<b>(1,248)</b>	<b>2,512</b>	<b>136</b>	<b>47</b>	<b>1,517</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>							
Public Health	-	1,248	-	(1,148)	-	100	d
<b>Sub-total</b>	<b>-</b>	<b>1,248</b>	<b>-</b>	<b>(1,148)</b>	<b>-</b>	<b>100</b>	
<b>Total</b>	<b>187</b>	<b>-</b>	<b>2,512</b>	<b>(1,012)</b>	<b>47</b>	<b>1,734</b>	
Learning Disabilities Pooled Fund	(607)	-	2,262	249	(36)	1,868	E
<b>Total</b>	<b>(420)</b>	<b>-</b>	<b>4,774</b>	<b>(763)</b>	<b>11</b>	<b>3,602</b>	

**Note:**

- a) Other Adult Services - £99k adverse: re-allocation of transport savings to services.
- b) Housing Services - £200k adverse: on-going use of former supporting people budget to support Integrated Community Equipment Service.
- c) Equalities & Diversity - £(163)k favourable: services now funded from Public Health on an on-going basis.
- d) Public Health - £(1,148)k favourable: in-year underspend against Public Health contracts
- e) LD pooled Fund - £249k adverse: The original pooled budget recovery plan included a target of £900k in 2013/14. The original forecast in January 2014 was that this would only achieve £600k. The forecast saving was reduced by a further £249k as part of the reworking. The actual saving achieved in 2013/14 was £317k.

### Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the outturn, and the movements since the last monitoring report in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	2013/14 Outturn (£000's)	2013/14 Outturn variance (£000's)	Adjusted January Forecast (£000's)	Period movement (£000's)	Ref
<b>Education Portfolio</b>						
Dedicated Schools Grant	-	-	-	-	-	CFW1
Transfer to Dedicated Schools Grant Reserve	-	-	-	-	-	CFW1
Education Early Years' Service	6,973	6,818	(155)	157	(312)	CFW3,10,11,12
<b>Sub-total</b>	<b>6,973</b>	<b>6,818</b>	<b>(155)</b>	<b>157</b>	<b>(312)</b>	
<b>Supporting Children &amp; Families Portfolio</b>						
Children's Social Services	15,214	15,721	507	490	17	CFW2
Children with Complex & Additional Needs	2,041	1,857	(184)	(133)	(51)	CFW2
Commissioning	1,712	1,437	(275)	(117)	(158)	CFW8,12,13
Multi Agency Referral & Assessment Service (MARAS)	1,489	1,558	69	46	23	CFW12,13
Youth Offending Service	527	112	(415)	(82)	(333)	CFW8,10,12,13
Children's Centres	2,174	2,013	(161)	(169)	8	CFW13
Youth Service	1,404	1,145	(259)	(75)	(184)	CFW10,13
<b>Sub-total</b>	<b>24,561</b>	<b>23,843</b>	<b>(718)</b>	<b>(40)</b>	<b>(678)</b>	
<b>Adult Social Services Portfolio</b>						
Older People	20,250	21,268	1,018	1,366	(348)	CFW4,7,9,11,12
Physical Disabilities	4,194	4,037	(157)	100	(257)	CFW4,6,9,11,12
Equipment & Adaptations	801	805	4	6	(2)	CFW13
Mental Health	3,416	3,294	(122)	(41)	(81)	CFW4,9,11,12,13
Other Adult Services	747	628	(119)	(93)	(26)	CFW8,9,12
Strategic & Support Services	869	970	101	100	1	CFW6,7,8,12

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>2013/14 Outturn (£000's)</b>	<b>2013/14 Outturn variance (£000's)</b>	<b>Adjusted January Forecast (£000's)</b>	<b>Period movement (£000's)</b>	<b>Ref</b>
Adaptations	(52)	42	94	135	(41)	CFW10
Housing Services	1,247	1,406	159	163	(4)	CFW8,9
Community Services	251	76	(175)	(184)	9	CFW9,12
Equalities & Diversity	184	141	(43)	(35)	(8)	CFW8,12
<b>Sub-total</b>	<b>31,907</b>	<b>32,667</b>	<b>760</b>	<b>1,517</b>	<b>(757)</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>						
Public Health	(862)	(762)	100	100	0	CFW9
<b>Sub-total</b>	<b>(862)</b>	<b>(762)</b>	<b>100</b>	<b>100</b>	<b>0</b>	
<b>Total</b>	<b>62,579</b>	<b>62,566</b>	<b>(13)</b>	<b>1,734</b>	<b>(1,747)</b>	
Learning Disabilities Pooled Fund	20,023	21,573	1,550	1,868	(318)	Section 3
<b>Total</b>	<b>82,602</b>	<b>84,139</b>	<b>1,537</b>	<b>3,602</b>	<b>(2,065)</b>	



<b>Business Reason / Area (Subjective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>2013/14 Outturn (£000's)</b>	<b>2013/14 Outturn variance (£000's)</b>	<b>Adjusted January Forecast (£000's)</b>	<b>Period movement (£000's)</b>	<b>Ref</b>
<b>Demand Led Activity</b>						
Children's Placements			717	599	118	CFW2
SEN Transport			404	332	72	CFW3
Older People – care packages			1,745	1,942	(197)	CFW4
Physical Disabilities – care packages			259	392	(133)	CFW4
Mental Health – care packages			497	529	(32)	CFW4
Reablement Service			83	70	13	CFW5
THT Emergency call-out service			(47)	(47)	-	CFW6
Client support equipment			(13)	7	(20)	CFW6
Kennel Fees & Funeral costs			25	24	1	CFW6
<b>Sub-Total</b>			<b>3,670</b>	<b>3,848</b>	<b>(178)</b>	
Savings			347	347	-	CFW7
Projects			(236)	119	(355)	CFW8
Commissioned Services			(1,275)	(1,254)	(21)	CFW9
Income			(1,095)	(648)	(447)	CFW10
End of Year adjustments			(496)	(75)	(421)	CFW11
Vacancy management			(835)	(598)	(237)	CFW12
Running costs			(93)	(5)	(88)	CFW13
<b>Sub-Total</b>			<b>(3,683)</b>	<b>(2,114)</b>	<b>(1,569)</b>	
<b>Total non-Pooled Budgets</b>			<b>(13)</b>	<b>1,734</b>	<b>(1,747)</b>	
<b>Learning Disability Pooled Budgets</b>						
Demand led budgets, primarily client care packages			1,909	2,262	(353)	CFW4
Budgeted inactivity			-	-	-	CFW7
LD Recovery Plan			(317)	(317)	-	Section 3

<b>Business Reason / Area (Subjective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>2013/14 Outturn (£000's)</b>	<b>2013/14 Outturn variance (£000's)</b>	<b>Adjusted January Forecast (£000's)</b>	<b>Period movement (£000's)</b>	<b>Ref</b>
Vacancy management			(57)	(92)	35	CFW12
Running costs			15	15	-	CFW13
<b>Sub-Total</b>			<b>1,550</b>	<b>1,868</b>	<b>(318)</b>	
<b>Total for whole Directorate</b>			<b>1,537</b>	<b>3,602</b>	<b>(2,065)</b>	

## NOTES ON VARIANCES AND PERIOD MOVEMENTS

### **CFW1 – DSG Reserve b/fwd.**

- The brought forward DSG reserve balance is £(2.453)m. There is an underspend of £(657)k in 2013/14 which leaves an overall reserve to carry forward into 2014/15 of £(3.110)m.
- The School Funding Forum will be made aware of this surplus at the July 2014 meeting. In 2014/15 £750k has already been set aside to support one-off allocations to schools on a straight per-pupil basis (£23 per pupil across all schools including academies)

### **CFW2 – Children’s Social Care and Children with Complex & Additional Needs, £717k adverse, period movement £118k adverse**

- Despite a number of actions to reduce demand and the cost of placements, there was an unexpected increase in client numbers in September generating a net overspend of £717k in external placement costs. This level of need has continued for the rest of the year.
- The full year effect in 2014/15 of these additional children is estimated at around £500k for which additional budget provision has been made although this remains a particularly volatile budget area.

### **CFW3 – SEN Transport, £404k adverse, period movement £72k adverse**

- There has been a significant increase in high need referrals from schools and parents, which are at a higher unit cost of typically around £140 per day. The budget was based on a more even spread of need classification and therefore a lower average unit cost.
- The full year effect in 2014/15 of this additional demand is estimated at around £400k and was fully provided for in the budget.

### **CFW4 – Adult Social Care, care packages £4,410k adverse, £(715)k favourable period movement**

- An underlying structural budget deficit has been identified across all adult demographics linked to demand led pressures, particularly in Older People and the Learning Disability Pool.
- The net full year effect of this under-budgeted position for care packages is estimated at approximately £5m in 2014/15. Plans are being drawn up to deal with this position, alongside in-year pressures, delivery of budget savings, and developing plans to meet the significant demands of the 2015/16 budget. These plans will be a significant item in the first monitoring report of 2014/15 expected around the beginning of August.

### **CFW5 – Reablement Services, £83k adverse, period movement £13k adverse**

- Reablement services is a major initiative to reduce the demand for high cost placements. The increase in client numbers has naturally also increased the demands on this service, which in order to prevent even higher costs in Older People’s services has responded with additional overtime and agency hours to ensure as many clients as possible benefitted from Reablement.

### **CFW6 – Other Demand-Led Budgets, favourable £(35)k, period movement £(19)k**

- Clients have not used the emergency call-out contract with Trafford Housing Trust as much as expected, providing for a saving of £(47)k. A more in depth

review will be needed to identify whether there is a possibility of reducing the budget to help in other areas.

- There are a number of client equipment support budgets which collectively have underspent by £(13)k.
- There is a growing cost to the Council for responsibilities for those taken into care which has caused an adverse variance of £25k. Subject to a review of these costs there may be a pressure for future budgets.

**CFW7 – Rephased and/or incomplete savings proposals, £347k adverse:**

- £175k SEN Transport, following a procurement exercise the market response was not as expected. Further and potentially collaborative work is being considered that will widen the market scope to increase the potential opportunities to make this saving in 2014/15.
- £110k in-year reduction in saving due to the delay in implementing the closure of Katharine Lowe House and the Princess Centre. This will have no impact on future budgets.
- £62k delayed saving in the financial operations team due to the rephasing of the implementation of the Liquid Logic system.

**CFW8 – Rephased projects, £(236)k favourable, period movement of £(355)k**

- Children's commissioning services and community projects have been rephased into 2014/15, subject to review by management against emerging needs, £(204)k.
- Youth Offending services projects rephased subject to review by management, £(227)k.
- £220k of equipment purchases was made under the service heading Supporting People, for which there is no budget provision. Should activity continue in 2014/15 budget provision will need to be found.
- Minor slippage on adult social care projects across a number of areas, £(25)k

**CFW9 – Commissioned Services, £(1,275)k, period movement £(21)k**

- There was significant underspending on services delivered by third parties on the Council's behalf, particularly in Public Health at £(1,153)k. This has allowed £1,248k of expenditure, originally funded from other budget headings, but eligible for Public Health funding, to be reclassified.

**CFW10 – Income and grants, £(1,095)k favourable, period movement £(447)k favourable**

- Unbudgeted grant income applied to relevant services of £(515)k; primarily Adoption reform Grant £(113)k, Intensive Fostering Grant £(203)k, and Youth Placement Grant £(126)k.
- Early Years services to schools £(314)k; charging for services was introduced after the budget had been set. Should this income be sustainable, budgets can be introduced in 2014/15 and future budgets.
- Net adoption fees payable was a favourable variance of £(133)k. Fees are payable to from one Authority to another when one Council organises an adoption in their area for a child from the other Council's area. This variance is not the net income to Trafford, but the net variance from income and expenditure budgets for these fees.
- Youth Services unbudgeted income £(227)k; income for attendance at events is set aside to fund future events and has in the past been carried forward to the year of expenditure. This is an incorrect accounting practice, and this income needs to be budgeted for in the future.

- Temporary loss of income in year as a result of the early termination of the contract and corrective action required re the delivery of the Disabled Facility Grant home improvements. As a result opportunity income to the section of £94k was lost during the year. Dependent upon work load, the section could regain this lost income during 2014/15 and/or 2015/16.

**CFW11 – End of Year adjustments, £(496)k favourable, period movement £(421)k favourable**

- Nursery contingency provision not required £(160)k.
- More expenditure on Telecare equipment has been capitalised at the end of the year than was originally planned for, reducing impact on the revenue account by £(98)k.
- The provision for repayment of income incorrectly charged to clients under s117 of the Mental health Act is to be fully written down at £(118)k, a £(43)k increase on the planned reduction.
- End of year review of consolidated Bad Debt Provision has allowed the return of £120k to Adult Social Care.

**CFW12 – Vacancy Management, £(892)k favourable, period movement £(202)k**

- Across the Directorate management action to delay recruitment to the last possible moment has generated a substantial in-year saving. The period increase mostly relates to a degree of caution in estimating such savings when there could be sudden operational requirements that require overtime and/or agency staffing. It is possible that some of this saving could be repeatable in future years to assist with emerging pressures in 2014/15.
- The above includes a favourable £(57)k contribution from Learning Disability Pooled budgets.

**CFW13 – Management of Running Costs, favourable variance of £(78)k, period movement of £(88)k**

- This variance is the net of a number of minor over and under spends across the Directorate.
- The above includes an adverse variance in Learning Disability Pool budgets of £15k.

## TRAFFORD MBC

Report to: ETO Directorate Management Team  
 Date: 9 May 2014  
 Report for: Discussion  
 Report author: ETO/EGP Finance Manager

Report Title
**Revenue Budget Monitoring 2013/14 – Period 12 outturn**
**1. Outturn for the Year**

- 1.1 The approved revenue budget for the year is £29.192m. The outturn is £29.172m, which is a £(0.020)m underspend for the year.
- 1.2 There is a favourable movement of £(0.086)m in the outturn compared to the forecast included in the last budget monitoring report. This is across a number of service areas:
- £(0.056)m additional underspend on the Waste Collection contract;
  - additional Parking income £(0.043)m;
  - holding vacancies and other management action to control costs in Public Protection £(0.042)m;
  - Energy cost overspend reduced £(0.017)m;
  - Catering and cleaning trading account income less than predicted £0.106m;
  - net underspend across various staffing and running cost budgets across the Directorate £(0.034)m.
- 1.3 The overall underspend of £(0.020)m has been achieved against a background of significant financial challenges for the Directorate throughout the year. This includes the achievement of approved budget savings of £(3.011)m, plus the successful management of budget pressures of £0.669m:
- re-phased savings and other costs relating to the Enforcement review £0.300m and Groundforce £0.123m;
  - Public Protection income shortfall, including licencing, of £0.068m;
  - Highways traffic management costs £0.054m and increased energy costs £0.018m;
  - Catering and cleaning trading account shortfall £0.106m.
- 1.4 The Directorate has been able to mitigate these pressures in full through additional income streams and active cost management. This includes :
- one-off income from Oakfield Road car park £(0.166)m;
  - additional income from other parking £(0.079)m;
  - additional Bereavement Services income £(0.093)m;
  - contract/other savings in waste management £(0.116)m;

- the remainder from management action to control staffing vacancies and running costs.
- 1.5 Ongoing variances have been included in the medium term financial plan as appropriate, and management action will continue into 2014/15 to address potential future budget pressures as follows:
- Only necessary spending on supplies and services to be approved;
  - Reduced use and greater control of overtime and travel expenses;
  - Monitoring and evaluation of existing and potential new income streams;
  - Analysis of rechargeable work for both revenue and capital schemes;
  - Additional improvements to efficiency through service redesign and better procurement;
  - Potential to accelerate future savings proposals.
- 1.6 The Directorate has also brought forward balances of £(0.439)m from previous years (paragraph 3). This included £(0.202)m earmarked specifically to mitigate one-off budget pressures in the year, such as from the Enforcement and Groundforce reviews. These have been managed without use of reserves, as above, but are continuing for the early part of 2014/15, plus there are a number of known one-off budget pressures which will also require support.

## **2. Summary of Variances**

- 2.1 The overall net underspend for the Directorate is summarised as follows:
- Re-profiling of savings from the ongoing review of Enforcement due to additional staff consultations £0.300m, a reduction of £(0.014)m since last reported;
  - Re-profiling of Groundforce staff savings pending the ongoing review of working conditions (e.g. overtime) £0.100m;
  - Public Protection income shortfall, particularly from licencing, due to continuing economic climate £0.068m;
  - Traffic Management costs for major events – additional costs £0.054m;
  - Street Lighting – prices in the new energy contract are higher than anticipated at the start of the year £0.018m, a favourable movement of £(0.017)m since last reported;
  - Additional costs from the extension of the Parking enforcement contract prior to full re-tendering exercise during the year £0.032m;
  - Head of Operations post part year vacancy (revenue element) £(0.030)m;
  - The full closure of Oakfield Road car park has taken longer than predicted when setting the budget and income is £(0.166)m higher than expected for the full year;
  - Other Parking income higher than expected £(0.079)m, which includes an additional £(0.020)m from Parking permits from last reported;
  - Income in Bereavement Services has continued to be higher than expected at the start of the financial year £(0.093)m;
  - School crossing patrols underspend from ongoing net vacancies £(0.068)m;

- Rebate from transport leasing contractor £(0.014)m – an averse movement of £0.036m since last reported due to the ongoing reduction of vehicle fleet as part of the Directorate’s 2014/15 savings proposals;
- Waste Management – total underspend of £(0.116)m from the waste collection contract, refurbishing of existing dustbin stock, and other running costs;
- Trading account income from catering and cleaning has not recovered costs as expected at the start of the financial year by £0.106m. This is due to a combination of market conditions (e.g. external competition) and a review of the service provision (e.g. Trafford Town Hall catering).
- Other net overspend from control of vacancies and cost reductions £(0.132)m, including £(0.058)m from Public Protection and £(0.074)m from Sustainability & Greenspace.

### 3. Reserves

- 3.1 At the end of 2012/13 the Directorate had a surplus on accumulated balances of £(0.439)m, which was carried forward to 2013/14. This was a result of the successful management of budget pressures in 2012/13, plus generated surpluses to assist in mitigating future pressures (if required) while sustainable solutions are implemented.
- 3.2 The Directorate has been able to mitigate budget pressures in-year through one-off and other income, and control of staffing and running costs across all services, and hence without use of the reserve. However, the reviews of Enforcement and Groundforce are continuing into 2014/15 as part of approved existing and new saving plans, and the reserve will be required to support these budget pressures in the early part of the new financial year.
- 3.3 The Directorate also has known pressures from project related activity for which the reserve is also being held. This includes support for the new waste collection contract, waste recycling initiatives, parking enforcement contract set up costs and risk mitigation, sustainable drainage implementation, investment in catering relating to the introduction of free schools meals for all infant classes from September 2014.

<b>Utilisation of ETO Carry forward Reserve</b>	<b>(£000's)</b>
Surplus balance brought forward at 1 April 2013	(439)
New waste contract support now required in 2014/15	(65)
Traded service investment projects spend	30
Outturn P12	(20)
<b>Balance at 31 March 2014</b>	<b>(494)</b>
<b>Commitments 2014/15:</b>	
New waste contract support b/f from 2013/14	65
Traded services investments b/f (re-phased projects)	102
Parking enforcement new contract b/f - cost/income	30
Free School Meals potential additional revenue costs	50
Re-phased savings (Enforcement & Groundforce)	97
Waste Recycling projects (to maintain/increase recycling rates)	50
Sustainable Drainage and Flood Management	100
<b>Balance after known commitments</b>	<b>0</b>



#### 4. Savings

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

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Increased and new income	(307)	(307)	0
Efficiencies and others	(605)	(575)	30
Policy Choice	(2,099)	(1,729)	370
Mitigating action across ETO	0	(400)	(400)
<b>Total ETO</b>	<b>(3,011)</b>	<b>(3,011)</b>	<b>0</b>

- 4.2 The shortfall of £0.400m relates to re-profiling of savings in Enforcement and Groundforce above. These have been mitigated in full from management action and other favourable variances across the Directorate, as above.

#### 5. Recommendations

- 5.1 It is recommended that the outturn of £(0.020)m underspend for the year be noted.

**Period 12 Outturn revenue expenditure and income variances.**

The following tables detail the main variances from the revenue budget to the outturn, and the movements since the last monitoring report in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P12 Outturn (£000's)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>Previous Report Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Highways &amp; Environment Portfolio</b>						
Highway and Network Management, incl. Traffic & Transportation	5,130	5,136	6	44	(38)	ETO1
School Crossing Patrols	512	444	(68)	(55)	(13)	ETO2
Parking Services	(150)	(388)	(238)	(170)	(68)	ETO3
Groundforce	4,593	4,716	123	111	12	ETO4
Bereavement Services	(998)	(1,070)	(72)	(91)	19	ETO5
Sustainability & Greenspace	410	336	(74)	(59)	(15)	ETO6
Waste Management (incl. WDA levy)	18,661	18,545	(116)	(60)	(56)	ETO7
Public Protection	806	816	10	52	(42)	ETO8
Environmental Enforcement	30	330	300	314	(14)	ETO9
Directorate Strategy & Business Support	470	467	(3)	(20)	17	
<b>Sub-total</b>	<b>29,464</b>	<b>29,332</b>	<b>(132)</b>	<b>66</b>	<b>(198)</b>	
<b>Operational Services for Education</b>	<b>(272)</b>	<b>(160)</b>	<b>112</b>	<b>0</b>	<b>112</b>	ETO10
<b>Total Outturn Period 12</b>	<b>29,192</b>	<b>29,172</b>	<b>(20)</b>	<b>66</b>	<b>(86)</b>	

<b>ETO</b>	<b>P12 Outturn</b>	<b>Previous Report</b>	<b>Period</b>	
<b>Business Reason / Area (Subjective analysis)</b>	<b>Variance (£000's)</b>	<b>Variance (£000's)</b>	<b>Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management</b>				
Traffic Management costs - events	54	54	0	
Fee income	(8)	5	(13)	
Transport rebates	(5)	(25)	20	
Staffing vacancies	(30)	(30)	0	
Energy – Street Lighting	18	35	(17)	
Other running costs	(23)	5	(28)	
<b>Sub-total</b>	<b>6</b>	<b>44</b>	<b>(38)</b>	ETO1
<b>School Crossing Patrols - vacancies</b>	<b>(68)</b>	<b>(55)</b>	<b>(13)</b>	ETO2
<b>Parking Services</b>				
Additional income – Oakfield Road	(166)	(153)	(13)	
Additional income - others	(79)	(49)	(30)	
Contract extension one-off costs	32	35	(3)	
Staffing and running costs	(25)	(3)	(22)	
<b>Sub-total</b>	<b>(238)</b>	<b>(170)</b>	<b>(68)</b>	ETO3
<b>Groundforce</b>				
Re-profiling of staff/equipment savings	100	100	0	
Overtime/other additional running costs	32	36	(4)	
Transport rebates	(9)	(25)	16	
<b>Sub-total</b>	<b>123</b>	<b>111</b>	<b>12</b>	ETO4
<b>Bereavement Services</b>				
Essential maintenance costs	21	21	0	
Income above budget	(93)	(112)	19	
<b>Sub-total</b>	<b>(72)</b>	<b>(91)</b>	<b>19</b>	ETO5
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	<b>(74)</b>	<b>(59)</b>	<b>(15)</b>	ETO6
<b>Waste Management</b>				
Refurbishment and reduced demand for bin replacement	(20)	(20)	0	
Contract costs	(86)	(30)	(56)	
Running costs	(10)	(10)	0	
<b>Sub-total</b>	<b>(116)</b>	<b>(60)</b>	<b>(56)</b>	ETO7

ETO	P12 Outturn Variance (£000's)	Previous Report Variance (£000's)	Period Movement (£000's)	Ref
<b>Business Reason / Area (Subjective analysis)</b>				
<b>Public Protection</b>				
Income shortfall including licencing	68	68	0	
Mitigating action – hold on filling vacancies	(58)	(16)	(42)	
<b>Sub-total</b>	<b>10</b>	<b>52</b>	<b>(42)</b>	ETO8
<b>Environmental Enforcement</b>				
Re-profiling of staff/equipment saving	<b>300</b>	<b>314</b>	<b>(14)</b>	ETO9
<b>Director &amp; ETO Business Support</b>				
Staffing and Running costs	<b>(3)</b>	<b>(20)</b>	<b>17</b>	
<b>Operational Services for Education</b>				
Trafford Town Hall catering	30	0	30	
Catering and Cleaning cost recovery shortfall	82	0	82	
<b>Sub-total</b>	<b>112</b>	<b>0</b>	<b>112</b>	ETO10
<b>Total Outturn Variance Period 12</b>	<b>(20)</b>	<b>66</b>	<b>(86)</b>	

## ADDITIONAL NOTES ON OUTTURN VARIANCES

### ETO 1 – Highways & Network Management - £0.006m (adverse)

Traffic management costs associated with major events are £0.054m above budget for the year. These costs have arisen due to clarification on the statutory responsibilities, and are being addressed in the Medium Term Financial Plan. A number of options have been evaluated up to reduce this pressure in 2014/15.

Receipt of rebates from the vehicle leasing contractor is £(0.005)m for the year. This is £0.020m less than previously reported due to the vehicle fleet being reduced to control costs and also as part of delivering approved budget savings.

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

Street Lighting energy costs are £0.018m higher than budgeted as a result of increases in the annual energy supplier contract in the year. This is £(0.017)m less than previously reported.

Running costs are £(0.020)m less than budget, and reflects management action to control costs throughout the year across the service.

### ETO 2 – School Crossing Patrols – £(0.068)m (favourable)

There is an underspend on staffing of £(0.068)m due to the ongoing difficulties in the filling of vacancies, which has continued from 2012/13. Leavers and new starters

have broadly matched each other in recent months, which has meant the net staffing level has not increased as intended. The underspend is, hence, £(0.013)m higher than had been forecast in the last report.

### **ETO 3 – Parking Services – £(0.238)m (favourable)**

The approved budget included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in income being £(0.166)m above budget for the year.

Other car parking income is above expectations by £(0.079)m, following on from 2012/13. This includes a favourable movement of £(0.030)m from last reported relating to permit income.

The contract for Parking enforcement was extended for a further 12 months while a full tender exercise was undertaken. The extension has increased costs by £0.032m from the previous contract period which has now expired. The new contract has been awarded from April 2014 and will deliver an annual saving of £(0.150)m, and this is included in the Council's approved 2014/15 budget.

### **ETO 4 – Groundforce - £0.123m (adverse)**

Approved savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is an overspend of £0.100m this year. A review is ongoing and includes revised terms and conditions, overtime and procurement accordingly. The review is informing the action plan to bring future spend in line with budget as well as deliver on new approved savings in 2014/15.

Other supplies, services and overtime costs are £0.032m above budget. An element of this relates to one-off reactive service requests, which are often out of normal working hours. The review of the service above is looking to address these issues.

Receipt of rebates from the vehicle leasing contractor is £(0.009)m for the year. This is £0.016m less than previously reported due to the vehicle fleet being reduced in order to deliver the approved budget savings.

### **ETO 5 – Bereavement Services £(0.072)m (favourable)**

Net income levels for the year have exceeded the budget by £(0.093)m, and follows the levels from the last financial year. Running costs are above budget by £0.021m and relates to essential works.

### **ETO 6 – Sustainability and Greenspace £(0.074)m (favourable)**

Management action to control running costs, plus staff vacancies, gives rise to a predicted underspend of £(0.074)m.

### **ETO 7 – Waste Management £(0.116)m (favourable)**

There is an underspend of £(0.020)m relating to a reduction in spending on replacement bins. This correlates to an increase in the refurbishing of existing bin stock and also a reduction in demand generally.

There is an underspend of £(0.086)m on the waste collection contract costs for the year, a favourable movement of £(0.056)m since last reported. This includes a

£(0.020)m saving due to successful negotiations with the supplier regarding the annual inflationary increase which applies from October each year.

Other running costs are £(0.010)m less than budget.

**ETO 8 – Public Protection £0.010m (adverse)**

There is a shortfall in income of £0.068m across the service. This relates in particular to licencing, which is due to lower levels of applications received. This is to a large extent related to the economic climate and has continued from previous financial years. This has been addressed as part of the Medium Term Financial Plan.

The shortfall has been mitigated through a variety of management actions to control costs throughout the year, including restricting running cost spending and in particular delays in filling vacant posts in the latter part of the year £(0.058)m. This is a favourable movement of £(0.042)m since last reported.

**ETO 9 – Environmental Enforcement £0.300m (adverse)**

The savings associated with the review of Enforcement have been re-profiled following additional staff consultations. This has resulted in an adverse variance of £0.300m for the year, which is £(0.014)m less than last reported. This includes the effect of additional time being taken to review and consult on the proposals, and incorporate feedback.

**ETO 10 – Operation Services for Education £0.112m (adverse)**

A review of the catering provision at Trafford Town Hall has led to one-off costs of £0.030m which have not been able to be recovered from income in the financial year. Following the review and implementation of changes, the ongoing catering provision is operating on a sustainable business model.

Catering and cleaning traded services to schools have not recovered costs as expected at the start of the year by £0.082m. This is a combination of increasing costs (e.g. of food and supplies) and prevailing market conditions leading to increased external competition.

## TRAFFORD MBC

**Report to:** EGP Directorate Management Team  
**Date:** 9 May 2014  
**Report for:** Discussion  
**Report author:** EGP/ETO Finance Manager

Report Title

<b>Revenue Budget Monitoring 2013/14 – Period 12 outturn</b>
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**1. Outturn**

- 1.1 The approved revenue budget for the year is £3.282m. The outturn is £2.984m, which is a £(0.298)m underspend against budget.
- 1.2 There is a movement of £(0.298)m from the forecast included in the last budget monitoring report as follows:
- Backrent and head rents received in February/March from Stamford Centre £(0.108)m and confirmed from Broomwood £(0.037)m;
  - Improved efficiency in Major Projects team in latter part of year leading to an increase in fee income £(0.065)m;
  - Reduced overspend in Facilities Management staffing £(0.040)m;
  - Increase in planning income surplus against budget £(0.028)m;
  - Other net favourable variance across the Directorate £(0.020)m.
- 1.3 The underspend for the year has been achieved against a background of a number of significant financial challenges. This includes achieving the approved budget savings of £(0.696)m, plus the successful management of a number of in-year and ongoing pressures affecting the Directorate budget. Underlying pressures include the adverse effects of the economy on budgeted levels of income (and taken forward in the Medium Term Financial Plan as appropriate):
- shortfall in investment property and other rental income £0.165m;
  - Housing green deal income shortfall £0.048m;
  - Housing capital income shortfall £0.047m.
- 1.4 The budget pressures have been able to be mitigated through a combination of successful management actions but also a number of one-off income streams from backdated rents, which includes £(0.111)m from Stretford Arndale in addition to those mentioned above.
- 1.5 The Directorate started the year with balances of £(0.312)m brought forward from previous years which largely included for re-phased project costs. A number of EGP budgets are for project related activity, in particular in the areas

of Housing Growth, Strategic Planning and Economic Growth, and some of the project-based work started or planned in 2013/14 will now be delivered in the new financial year. As a result further associated budgets of £(0.109)m will be carried over in the EGP Reserve and recorded with other commitments for 2014/15 accordingly (Section 3).

## **2. Explanation of Variances**

2.1 The outturn variances are summarised below, with more detail at Appendix 1:

- Shortfall in property rent income of £0.165m due to the on-going adverse effect of the economy, primarily on town centre rents;
- Backdated and head rent income of £(0.108)m received in February and March 2014 relating to the Stamford Centre;
- Rental income from airport land is £(0.019)m higher than budgeted, based on the notification received from Manchester City Council in March 2013;
- Confirmation of the final 2012/13 rental income from Stretford Arndale by the agents of the owners was received in September, and was £(0.111)m higher than had been anticipated;
- Backdated rental income of £(0.073)m confirmed in November 2013 relating to Shrewsbury Street;
- Backdated rental income confirmed this month relating to Broomwood £(0.037)m;
- Improved efficiency in the Major Projects team in the latter part of the year has led to an increase in fee income from capital and external projects £(0.065)m
- Facilities management staffing is £0.030m above budget due to the later than planned disposal of a number of properties;
- There is a staffing underspend across EGP relating to the ongoing restructure and appointments to vacancies £(0.077)m;
- Planning Application fees income is expected to be £(0.046)m above budget, a favourable movement of £(0.018)m from last reported. Building control income is less than planned by £0.007m. This income is monitored and reported on a weekly basis during the year;
- Fee income from housing improvement capital schemes is a net £0.047m less than budget due to a reduced volume of property sales;
- Shortfall in income of £0.048m due to re-phasing of the implementation of Green Deal;
- Net underspend on other running costs £(0.059)m.

## **3. Reserves**

3.1 At the end of the last financial year the Directorate had £(0.312)m of balances brought forward from previous years, of which £0.126m was earmarked on re-phased projects, with the remainder held to provide one-off mitigation for other budget pressures during the year.

3.2 During 2013/14 the Directorate spent £0.059m from the reserve and has added a further £(0.109)m from project budgets which are to be utilised in 2014/15. It



has also not been necessary to utilise the reserve against the adverse variances in the Directorate budget in 2013/14, as these have been able to be fully mitigated from a combination of one-off income streams (e.g. property back rents) and management action to control staffing and running costs.

<b>Utilisation of EGP Carry forward Reserve</b>	<b>(£000's)</b>
Surplus balance brought forward at 1 April 2013	(312)
Use of reserve on project based activity	59
Re-phased projects from 2013/14	(109)
Outturn P12	(298)
Committed on 2014/15 projects plus mitigation for potential future budget pressures	462
<b>Balance after outturn/commitments</b>	<b>(198)</b>

#### 4. Savings

- 4.1 The approved Directorate budget includes savings of £(0.696)m, (17.4)% as follows:

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Increased and new income	(122)	(122)	0
Efficiencies and others	(351)	(351)	0
Policy Choice	(223)	(183)	40
<b>Total EGP</b>	<b>(696)</b>	<b>(656)</b>	<b>40</b>

- 4.2 The shortfall of £0.040m relates to savings in Facilities Management staffing which have needed to be re-profiled due to the disposal of certain buildings taking longer than had been planned. This has been mitigated by management action and other favourable variances across the Directorate.

#### 5. Recommendations

- 5.1 It is recommended that:
- The outturn underspend of £(0.298)m for 2013/14 be noted.

**Period 12 Outturn revenue expenditure and income variances**

The following tables detail the main variances from the revenue budget to the outturn, and the movements since the last monitoring report in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

<b>Budget Book Format</b>	<b>Full Year Budget</b>	<b>P12 Outturn</b>	<b>P12 Outturn Variance</b>	<b>Previous Report Variance</b>	<b>Period Movement</b>	
<b>(Objective analysis)</b>	<b>(£000’s)</b>	<b>(£000’s)</b>	<b>(£000’s)</b>	<b>(£000’s)</b>	<b>(£000’s)</b>	<b>Ref</b>
<b>Economic Growth &amp; Prosperity Portfolio</b>						
Asset Management	1,090	821	(269)	7	(276)	EGP1
Planning & Building Control	174	97	(77)	(45)	(32)	EGP2
Strategic Planning & Development	525	527	2	(6)	8	
Economic Growth	723	727	4	(21)	25	
Housing Strategy	522	591	69	65	4	EGP3
Directorate Strategy & Business Support	248	221	(27)	0	(27)	
<b>Total Outturn Period 12</b>	<b>3,282</b>	<b>2,984</b>	<b>(298)</b>	<b>0</b>	<b>(298)</b>	

EGP	P12 Outturn Variance (£000's)	Previous Report Variance (£000's)	Period Movement (£000's)	Ref
Business Reason / Area (Subjective analysis)				
<b>Asset Management</b>				
Investment Property Rental Income:				
- Stamford Centre - shortfall	34	34	0	
- Stamford Centre – backdated rent	(108)	0	(108)	
- Other properties - shortfall	90	76	14	
- Airport - surplus	(19)	(19)	0	
- Stretford Arndale 12/13 final rent	(111)	(111)	0	
- Shrewsbury St. backdated rent	(73)	(73)	0	
- Broomwood backdated rent	(37)	0	(37)	
Community buildings – income and running costs	41	35	6	
Administrative Buildings running costs	(62)	0	(62)	
Facilities Management - staffing	30	70	(40)	
Asset Management – staffing vacancies	(18)	(12)	(6)	
Major Projects – fee income	(65)	0	(65)	
Other minor running cost variances	29	7	22	
<b>Sub-total</b>	<b>(269)</b>	<b>7</b>	<b>(276)</b>	EGP1
<b>Planning &amp; Building Control</b>				
Planning applications income surplus	(46)	(18)	(28)	
Building Control income shortfall	7	11	(4)	
Staffing vacancies	(38)	(38)	0	
<b>Sub-total</b>	<b>(77)</b>	<b>(45)</b>	<b>(32)</b>	EGP2
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs	2	(6)	8	
<b>Sub-total</b>	<b>2</b>	<b>(6)</b>	<b>8</b>	
<b>Economic Growth</b>				
Staffing/running costs	4	(21)	25	
<b>Sub-total</b>	<b>4</b>	<b>(21)</b>	<b>25</b>	
<b>Housing Strategy</b>				
Housing improvements capital fee income shortfall	47	46	1	
Green Deal income shortfall	48	31	17	
Running cost savings	(26)	(12)	(14)	
<b>Sub-total</b>	<b>69</b>	<b>65</b>	<b>4</b>	EGP3
<b>Directorate Strategy/Business Support</b>				
Staffing vacancy/running costs	(27)	0	(27)	
<b>Total Outturn Variance Period 12</b>	<b>(298)</b>	<b>0</b>	<b>(298)</b>	

## NOTES ON OUTTURN VARIANCES

### **EGP1 – Asset Management - £(0.269)m (favourable)**

The effect of the economy is continuing to adversely affect rents across the property portfolio, including Stamford Centre £0.034m, and Community Buildings £0.041m. Other investment property has a shortfall of £0.090m. Airport rent is £(0.019)m above budget following notification in March 2013 from Manchester City Council of new rent levels for the next five years.

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

Backdated rental income was confirmed in November 2013 relating to Shrewsbury Street £(0.073)m. Backdated and head rent of £(0.108)m has been received relating to the Stamford Centre in February/March, with a further £(0.037)m in backdated rent confirmed for Broomwood.

Improved efficiency in the Major Projects team in the latter part of the financial year has led to an increase in fee income from capital and external projects £(0.065)m.

Facilities Management staffing is expected to be £0.040m above budget. The associated saving has needed to be re-profiled as the planned disposal of buildings has taken longer than expected.

Other variance in staffing and running cost across the service are £(0.062)m.

### **EGP2 – Planning and Building Control – £(0.077)m (favourable)**

Income from planning fees is £(0.046)m above budget, which is a favourable movement of £(0.018)m from last reported.

Building control income is below budget by £0.007m.

Planning and building control fees are monitored and reported on a weekly basis.

There is an underspend from staffing vacancies of £(0.038)m. The filling of vacant posts will be addressed by the ongoing restructure of EGP.

### **EGP3 – Housing Strategy – £0.070m (adverse)**

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

There is a shortfall in income of £0.048m due to re-phasing of the implementation of Green Deal. Running cost savings are £(0.026)m.

## TRAFFORD MBC

Report to: Transformation & Resources Directorate Management Team  
 Date: 8 May 2014  
 Report for: Discussion  
 Report author: T&R Senior Accountant

<b>Revenue Budget Monitoring 2013/14 – Period 12</b> <b>(April 2013 – March 2014 inclusive)</b>
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## 1 Outturn

1.1 The current approved revenue budget for the year is £20.357m. The outturn of £19.420m is £(0.937)m (4.6%) below the approved budget. This is a £(0.331)m favourable movement since the last period.

The cumulative variance for the year ending 31<sup>st</sup> March 2014 of £(937)k favourable to budget is a result of:

**£(473)k** favourable variance in staffing costs, including £(292)k due to vacancies not being filled in Revenues & Benefits and Partnerships & Performance where staffing reductions were planned for 2014/15 and £(102)k on recruitment freezes during staff restructures. There were favourable variances on training, £(23)k and staff advertisements, £(56)k. (T&R 1)

**£180k** adverse variance on legal and court costs, mainly regarding childcare and planning. This overspend would normally be charged to the Legal smoothing reserve but, given the general underspend across T&R, the cost has been charged to the T&R Revenue budget in the year. (T&R 2)

**£(209)k** favourable variance on Public Health costs absorbed into T&R and included as a budget saving in 2014/15. (T&R 3)

**£(115)k** net favourable variance in various running costs across the Directorate, including delayed grant-funded expenditure in Finance, £(59)k, slippage in the introduction of video links in the libraries £(47)k, purchases of library books, £(35)k and expenditure in Communications on events £(35)k. This was partly offset by additional ICT costs, £78k and Occupational Health costs linked to the reduction in sickness days, £48k. (T&R 4)

**£(157)k** favourable variance on Legal income, including costs recharged to capital £(41)k, Trafford Housing Trust and Probation income £(38)k, Court income £(25)k, property based income £(19)k, land charges income £(13)k and income from Schools Appeals £(11)k. (T&R 5)

**£(96)k** favourable variance on HR income, particularly SLA income but including increased income from Salary Sacrifice schemes and handling charges from CRB checks (T&R 6).

**£(67)k** net favourable movement in other income streams, including £(46)k on Liability Order income. (T&R 7)

1.2 The £(331)k favourable movement in the final period is a result of:

£20k adverse variance on staffing costs due to reduced staff turnover and increased training spend.

£(59)k favourable variance due to delayed grant –funded expenditure in Finance.

£(47)k favourable variance due to the delayed expenditure on the video link project in the Libraries.

£(35)k underspend on book purchases in the Libraries.

£(35)k favourable variance on Events expenditure in Communications.

£(27)k favourable variance due to slippage on maintenance and improvement work at Sale Water Park.

£(47)k net favourable variance on other running costs.

£(46k) favourable variance on liability order income.

£(34)k favourable variance on legal recharges to capital projects.

£(21)k net favourable variance on other income streams.

## 2 Reserves

2.1 The Directorate has accumulated balances of £(1.389)m brought forward from 2012/13. Over the year the surplus balance was used to ensure that the Directorate met and sustained the challenges of the future, including support for the Reshaping Trafford Programme. The table below summarises the movement during 2013/14 and earmarked expenditure in 2014/15:

<b>Table 1: Utilisation of Carry Forward Reserve 2013/14</b>	<b>£000's</b>
Balance b/f 1 April 2013	(1,389)
2013/14 Outturn	(937)
Use of Reserves	348
<b>Remaining Balance at 31 March 2014</b>	<b>(1,978)</b>
Planned expenditure in 2014/15	1,354
<b>Remaining Balance at 31 March 2015</b>	<b>(624)</b>

2.2 In 2014/15 and future years the surplus balance will be used to ensure that the directorate can continue to meet the challenges of the future, particularly ensuring support for Reshaping Trafford and the New Operating Model.

### 3 Welfare Reform

- 3.1 In the twelve months of operation, Trafford Assist has made awards to 3,011 different individuals with a total value of £168,277. The total value of awards are shown in the table below:

<b>Item</b>	<b>Awards</b>	<b>Value</b>
Furniture	570	£123,611
Paypoint (cash)	1,368	£26,001
Food	1,767	£18,665
<b>Total</b>	<b>3,705</b>	<b>£168,277</b>

- 3.2 The Trafford Assist scheme is within budget after the first twelve months in operation. There are no plans to adjust the qualifying criteria at this stage, as demand on the scheme may increase when further Welfare Benefit changes are introduced. The scheme continues to receive favourable comments from customers, DWP and other Partners particularly about positive intervention and signposting.
- 3.3 In addition to the above, 1,273 awards, out of 1,710 requests, for Discretionary Housing Payment have been made amounting to £387,216. This was in line with budgeted expectations.

### Period 12 Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P12 Outturn (£000's)	P12 Outturn variance (£000's)	Previous Outturn variance (£000's)	Period Movement (£000's)	Note ref
<b>Transformation and Resources Portfolio</b>						
Legal & Democratic	1,935	2,036	101	164	(63)	T&R2,4,5
Communications & Customer Services	6,865	6,519	(346)	(209)	(137)	T&R1,4
Partnerships & Performance	2,712	2,445	(267)	(269)	2	T&R1,3
Strategic Human Resources	2,304	2,279	(25)	(63)	38	T&R1,4,6
Corporate Leadership and Support	367	328	(39)	(10)	(29)	
<b>sub-total</b>	<b>14,183</b>	<b>13,607</b>	<b>(576)</b>	<b>(387)</b>	<b>(189)</b>	
<b>Finance Portfolio</b>						
Finance Services	4,002	3,655	(347)	(237)	(110)	T&R1,4,7
<b>sub-total</b>	<b>4,002</b>	<b>3,655</b>	<b>(347)</b>	<b>(237)</b>	<b>(110)</b>	
<b>Safe and Strong Communities</b>						
Culture & Sport	2,172	2,158	(14)	18	(32)	T&R,4,7
<b>sub-total</b>	<b>2,172</b>	<b>2,158</b>	<b>(14)</b>	<b>18</b>	<b>(32)</b>	
<b>Total</b>	<b>20,357</b>	<b>19,420</b>	<b>(937)</b>	<b>(606)</b>	<b>(331)</b>	



<b>Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn variance (£000's)</b>	<b>Previous Outturn variance (£000's)</b>	<b>Period movement (£000's)</b>	<b>Note ref</b>
Management of Vacancies	(473)	(493)	20	T&R1
Court Costs and Legal fees	180	189	(9)	T&R2
Running costs relating to Public Health	(209)	(209)	0	T&R3
Running Costs	(115)	126	(241)	T&R4
Legal income	(157)	(111)	(46)	T&R5
HR Income	(96)	(84)	(12)	T&R6
Other Income	(67)	(24)	(43)	T&R7
<b>Total</b>	<b>(937)</b>	<b>(606)</b>	<b>(331)</b>	

## **NOTES ON CUMULATIVE PROJECTED VARIANCES**

### **T&R1**

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

### **T&R2**

Legal expenses were £180k adverse to budget due to a continuing increase in childcare cases and a number of new development projects.

### **T&R3**

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

### **T&R4**

There were significant unbudgeted favourable and unfavourable running costs across the T&R Directorate. They include by election costs £23k, video link £(47)k, Library books purchase £(35)k, ICT costs £78k, Events expenditure £(35)k, slippage on grant funded expenditure in Finance £(59)k, Printing, Postage, Stationery and Transactional costs in Finance £(35)k, Occupational Health fees £48k and slippage on maintenance at Sale Water Park £(27)k.

### **T&R5**

Legal income was favourable to budget linked to, and partly offsetting, the increased staffing and running costs. Some income streams, such as probation income, will not be received in 2014/15.

### **T&R6**

HR has developed its product offering to schools and improved its cost recovery. The service has also developed new income streams based on Salary Sacrifice and CRB administration fees.

### **T&R7**

There were various minor variances on other income streams including a favourable variance of £(46)k on Liability Order income.

## TRAFFORD MBC

Report to: Director of Finance  
 Date: 12 May 2014  
 Report for: Information  
 Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2013/14 – Period 12 Outturn - Council-Wide Budgets (April 2013 to March 2014 inclusive)**

**1 Outturn**

- 1.1 The current approved revenue budget for the year is £23.572m. The outturn is £19.614m, which is £(3.958)m under budget, and a favourable movement of £(2.003)m since the last report.
- 1.2 Appendix 1 details the variances from the approved budget and the period movement from the previous forecast by both function and activity, which in summary are:

Treasury Management - £(1.321)m relating to Manchester Airport Group dividend received above budget and £(0.899)m relating to the reimbursement of costs and interest in relation to the sale of Urmston Town Centre redevelopment;

Members expenses - £(0.069)m, relating to the voluntary 1.9% reduction in allowances and savings in telephony and other running costs, a favourable movement of £(0.024)m since last month;

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

Housing and Council Tax Benefits overpayment recovery net variance of £(0.406)m, a favourable movement of £(0.143)m since the last report;

£(0.152)m, Discretionary Rate Relief budget no longer required;

£0.054m payment due to CLG relating to previous years' NDR accounts;

Savings on Grant Thornton fees for audit of grant claims, £(0.024)m, a favourable movement of £(0.004)m since last period;

Some of the savings from the proposed changes to staff terms and conditions will not be achieved in full this year, £0.136m, a favourable movement of £(0.005)m since last period;

£(0.534)m underspend on provision & contingency budgets following year-end adjustments, primarily due to exceptional general debtor collection performance;

£(0.076)m, costs of off-site document storage are lower than budget;

Non ring-fenced grants - £(0.531)m relating to several grants that were not included in the 2013/14 budget, a favourable movement of £(0.134)m;

There were a number of other minor variances across Council Wide budgets in the sum of £(0.066)m for the year.

## **2 Service carry-forward reserve and Recommendations**

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

### Period 12 Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P12 Outturn (£000's)</b>	<b>P12 Outturn variance (£000's)</b>	<b>Previous report Outturn variance (£000's)</b>	<b>Period movement (£000's)</b>	<b>Ref</b>
<b>Finance Portfolio</b>						
Precepts, Levies & Subscriptions	17,852	17,855	3	4	(1)	
Provisions (bad debts & pensions)	1,770	1,350	(420)	141	(561)	C-W1
Treasury Management	8,366	6,061	(2,305)	(1,316)	(989)	C-W2
Insurance	659	659				
Members Expenses	944	875	(69)	(45)	(24)	C-W3
Grants	(6,342)	(6,873)	(531)	(397)	(134)	C-W4
Other Centrally held budgets	323	(313)	(636)	(342)	(294)	C-W5
<b>Total</b>	<b>23,572</b>	<b>19,614</b>	<b>(3,958)</b>	<b>(1,955)</b>	<b>(2,003)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn variance (£000's)</b>	<b>Previous report Outturn variance (£000's)</b>	<b>Period movement (£000's)</b>	<b>Ref</b>
Staff terms and conditions	136	141	(5)	C-W1
Document Storage	(76)	0	(76)	C-W1
NNDR Repayment	54	0	54	C-W1
Provision for bad debts & other contingencies	(534)	0	(534)	C-W1
Treasury Management:				
- Investment Income	(2,259)	(1,305)	(954)	C-W2
- Debt Management cost savings	(46)	(11)	(35)	C-W2
Members expenses	(69)	(45)	(24)	C-W3
Grants	(531)	(397)	(134)	C-W4
Other Centrally held budgets	(636)	(342)	(294)	C-W5
Precepts, Levies & Subscriptions	3	4	(1)	
<b>Total</b>	<b>(3,958)</b>	<b>(1,955)</b>	<b>(2,003)</b>	

## NOTES ON PROJECTED VARIANCES

### **C-W1 – Provisions - £(0.420)m (favourable), £(0.561)m favourable movement**

A budget saving of £(0.180)m was set aside for the part-year effect of proposed changes to staff terms and conditions. Some of these savings have not been achieved in full this year, £0.136m.

The costs of off-site document storage are lower than budget, £(0.076)m.

A repayment of £0.054m is due to the Government in relation to previous years' NDR accounts.

There has been further improvements in general debtor collection performance during the year, not only on debt raised during the year, but particularly on the previous years' debt balances. These general debtors relate to charges to individuals or organisations for the supply of goods and services by the Council. The provision has been reduced accordingly producing a saving against budget of £(0.522)m.

Other minor savings in contingency budgets of £(0.012)m.

### **C-W2 – Treasury Management - £(2.305)m (favourable), £(0.989)m favourable movement**

Increase in Airport Dividend received as a consequence of the Stansted Airport acquisition by Manchester Airport Group (MAG) and the subsequent change in the Council's share allocation, £(1.321)m. The base budget for 2014/15 has been amended to reflect the dividend expected from Trafford's new share allocation in the expanded group.

As part of the Urmston Town Centre redevelopment scheme, the Council incurred £4.4m of capital expenditure in respect of acquiring the vacant possession of the old retail units. The sale of the town centre development is currently taking place and the Council will receive reimbursement for these costs together with interest equating to £(0.899)m from the disposal proceeds.

Additional savings in annuity debt interest £(0.028)m, a refund of S106 interest of £(0.026)m and additional investment interest of £(0.014)m have also been achieved in the latest period.

Other minor variances of £(0.017)m.

### **C-W3 – Members Allowances - £(0.069)m (favourable), £(0.024)m favourable movement**

All 63 Trafford Members agreed to take a voluntary 1.9% reduction in the value of their allowances, generating a saving of £(0.016)m. Other savings from pay, telephony and running costs have also been achieved of £(0.053)m, a favourable movement of £(0.024)m since the last report.

#### **C-W4 – Grants - £(0.531)m (favourable), £(0.134)m favourable movement**

Final monies were received for the following non ring-fenced grants which are held within Council-wide:

- Education Services Support - £(0.132)m, an adverse movement of £0.059m from the previous report following confirmation of final pupil numbers and the number of Schools moving to Academy status in the year.
- Council Tax New Burdens - £(0.114)m, workload has been contained within existing resources.
- New Burdens Zero Based Review Adult Social Care - £nil, an adverse movement of £0.059m. This grant is now reported in Annex 4.
- Local Flood - £(0.025)m, budget now amended for 2014/15.
- Council Tax freeze - £(0.008)m, late notification.
- Capitalisation grant £(0.252)m, late notification in the latest period.

#### **C-W5 – Other Centrally held budgets - £(0.636)m (favourable), £(0.294)m favourable movement**

- **NNDR Refunds - £(0.070)m (favourable)**  
A number of backdated Exemptions and Rateable Value reductions to Council buildings has generated one-off income of £(0.070)m.

- **Housing & Council Tax Benefits - £(0.406)m (favourable), £(0.143)m (favourable) movement**  
There was a net variance of £(0.142)m within the Housing Benefit budget, a favourable movement of £(0.125)m since the last report. The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the final 2013/14 outturn was £(0.264)m, a movement of £(0.018)m, since last period.

The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

- **NNDR Discretionary Rate Relief - £(0.152)m**  
Changes in the administration of Discretionary Rate Relief has allowed the Council to release the budget for costs associated with Rate Relief awarded at its discretion. Discretionary Rate Relief is now fully charged against the NDR Collection Fund and shared proportionately between Central Government (50%), Trafford Council (49%) and the Fire and Rescue Authority (1%).
- **External Audit Fees - £(0.024)m (favourable), £(0.004)m favourable movement**  
The final charge from Grant Thornton for 2012/13 grant certification work has generated a budget saving of £(0.024)m.
- **Other minor variances of £0.016m, an adverse movement of £0.005m.**