

TRAFFORD COUNCIL

Report to: Executive

Date: 16 March 2015

Report for: Information

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

Report Title:

Revenue Budget Monitoring 2014/15 – Period 10 (April 2014 to January 2015).

Summary:

The revised revenue budget approved at the Council meeting on 17 September 2014 is £156.134m. The forecast for the end of the year, as projected following ten months of activity, is £152.879m being a net underspend of £(3.255)m, (2.1)% of the budget. This is a favourable movement of £(0.482)m since the last report.

The main areas of budget variance are summarised as:

Activity	Forecast £m	Movement £m
Increased demand and unit costs for Children in Care placements	0.6	-
Adult Services client costs	(0.3)	(0.1)
Adult Services provision for doubtful debts	0.5	-
LD Pool: release of budget provision for transitional cases	(1.3)	-
Additional external income, including SLA's	(0.8)	(0.2)
Rephased base budget savings	0.4	-
In year savings not met (incl. Terms & Conditions)	0.6	-
Vacancy management	(1.4)	(0.1)
Deprivation of Liberty assessment costs	0.3	-
Manchester Airport Group Dividend	(1.0)	-
Other variances	(0.1)	(0.1)
Additional Income from Business Rates available in 2014/15	(0.8)	-
Forecast outturn	(3.3)	(0.5)

Reserves

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved and proposed use, the forecasted closing balance at 31 March 2016 is £(6.4)m, which is £(0.4)m above the Council established minimum level of £(6.0)m.

The brought forward deficit on the Learning Disability Pooled Fund at 1 April 2014 was £3.0m. As part of the 2015/16 budget proposals it was agreed at the Council meeting on 18 February 2015 to write down this deficit in full against the General Reserve.

The in-year underspend on the Learning Disability budget of £(0.912)m is included in the forecast outturn for CFW and will be used to reduce the original commitment on the General Reserve agreed in September 2014 (see Table 5).

The net service carry forward reserves at the beginning of the year was £(4.004)m, and after taking into account planned use and commitments, and the service Directorates' outturn the forecasted closing balance is £(0.722)m surplus.

Council Tax

The surplus brought forward of £(0.5)m, will increase by an in-year forecasted surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget and another £0.2m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(1.0)m. The Council's share of this surplus is £(0.8)m, and is planned to support future budgets in the MTFP.

Business Rates

As originally reported at Period 6 an estimated surplus of £(3.489)m is projected for 2014/15, Trafford's share being £(0.855)m. Details will be updated when the VOA provide their next update on outstanding and settled appeals. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.

Section 31 grants which compensate the Council for the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes which is wholly retained by the Council, remain unchanged as reported in Period 6 at £(0.844)m. This grant is included in the forecast outturn of £152.879m.

Recommendation(s)

It is recommended that:

- a) the latest forecast be noted;

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	As set out above
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

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

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

DIRECTOR'S SIGNATURE

Budget Monitoring - Financial Results

- The revised budget approved at the 17 September 2014 Council meeting is £156.134m. Based on the budget monitoring for the first 10 months of the year, the overall forecast for the year is £152.879m, being an underspend of £(3.255)m, (2.1)%, a favourable movement of £(0.482)m since the last report.
- The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)	Annex
CFW – Children's Services	607	2.0%	(68)	1
CFW – Adult Social Services	(934)*	(1.7)%	(194)	1
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(450)	(1.3)%	(28)	2
Transformation & Resources	(424)	(2.4)%	(19)	3
Total Service Variances	(1,201)	(0.9)%	(309)	
Council-wide budgets	(2,054)	(10.1)%	(173)	4
Estimated outturn variance (period 10)	(3,255)	(2.1)%	(482)	

CFW – Children, Families & Wellbeing

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)
Children's Services	607	2.0%	(68)
Adult Social Services	(934)*	(1.7)%	(194)
Community Health & Wellbeing	-	-	-
Environment & Operations	(166)	(0.6)%	(22)
Economic Growth & Planning	(284)	(5.8)%	(6)
Communities & Partnerships	99	3.1%	(9)
Transformation & Resources	(270)	(2.5)%	(30)
Finance	(2,307)	(9.7)%	(153)
Estimated outturn variance (period 10)	(3,255)	(2.1)%	(482)

* £(0.912)m will be used to reduce the commitment on the General Reserve (see Table 5).

Key month on month variations

- The key variances contributing to the period movement of a favourable £(0.482)m are:
 - £(0.156)m reduced client need within Older People's Services relating mainly to a further release of winter resilience funding;
 - £(0.133)m favourable movement in Physical Disability Services relating to the capitalisation of an element of Telecare expenditure;
 - £0.116m adverse movement in client need within Learning Disability Services;

- £(0.061)m relating to further vacancy management savings across all Directorates;
- £(0.219)m favourable movement in income levels across all Directorates offset by £0.072m in associated running costs;
- £(0.125)m favourable movement relating to Housing and Council Tax Benefits overpayment recovery;
- Other net minor variances, £0.024m.

MTFP Savings and increased income

4. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m.
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(13.776)m; noting the potential shortfall, proposed action to mitigate this shortfall in 2014/15 and action taken in the draft budget proposals for 2015/16

Table 3: Base budget savings	Total (£000's)
Total Savings delivered or in progress	(12,826)
Budget savings required	(13,776)
Shortfall	950
To be met by:	
Re-phased savings from T&R reserve in 14/15	
• HR Restructure	(83)
• Partnerships & Communities Restructure	(84)
• Legal Service Restructure	(36)
• Design and Print (T&R)	(113)
Re-phased savings from EGEI reserve in 14/15	
• Parks Maintenance	(47)
• Town Centre Advertising	(16)
• Property Referral Fees Advertising	(3)
• Moving Travel Offences	(30)
Re-phased savings from CFW reserve in 14/15	
• Terms and Conditions (CFW)	(423)
• Children in Care Placements	(257)
• Shortfall in Adoption Fee Income	(100)
Alternative savings in CFW in 14/15	
• Home to School Transport (overachievement against savings target)	242
Shortfall met from Service Carry forward reserves and alternative savings	(950)

6. Approximately 93% of base budget savings have been or are forecasted to be delivered:
- Of the £0.950m shortfall, £0.538m relates to CFW, £0.316m T&R and £0.096m EGEI. The total shortfall in 2014/15 will be met from either service carry forward reserves or alternative savings.
 - There are some savings that are delayed in 2014/15 £(0.396)m but the full effect is still expected to be delivered in the 2015/16 budget;
 - There are savings that will not be delivered, of which £0.423m relates to terms and conditions within CFW, £0.016m reduced Town Centre Advertising Income, £0.100m shortfall in adoption fee income and at the time of preparing the draft budget, £0.218m relating to Children in Care Placements. The total of £(0.757)m have been removed as savings from the budget for 2015/16. The pressure in Children in Care Placements has since increased to £0.257m.
7. A further in-year savings target of between £(2.5)m and £(3.3)m was agreed at Council on 17th September as part of the budget realignment process to address pressures within the CFW Directorate. The decommissioning of Voluntary and Community Sector grants saving proposal is currently projecting a deficit of £0.021m. There is also a further minor deficit on LD Void Management of £0.003m. Along with overachievements of £(0.593)m against the vacancy freeze saving and £(0.007)m against Early Help Funding this has resulted in an overall estimated overachievement of £(0.576m) against the savings target of £(2.5)m.

Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After ten months of activity, the total Council Tax in-year surplus is forecasted at £(1.138)m, with the Council's share of this being £(0.957)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.244m, the end of year total balance is forecasted to be £(0.996)m, of which the Council's share is £(0.837)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

Table 4: Council Tax surplus	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(458)		(385)
Changes in Band D equivalents	48		40	
Empty Homes Premium	(108)		(91)	
Council Tax Support awards	(1,078)		(906)	
Banding valuations & discounts	244	(894)	205	(752)
In-year application of surplus		356		300
Forecasted surplus carry forward		(996)		(837)

10. The majority of the in-year surplus has been generated from pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Some of the in-year increase also relates to an increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. There has been a movement in the forecast surplus of £(0.011)m since last month.

Business Rates

11. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.
12. The projected surplus of £(3.489)m and Trafford's share thereof of £(0.855)m as originally reported at Period 6 has not changed. The projections will be revised once updated VOA data is provided on the current level of appeals and a more accurate assessment is made on the level of appeals receivable for the remainder of the financial year. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.
13. In addition, as originally reported in Period 6, the additional Section 31 grants received in 2014/15 to compensate the Council for the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes, remains at £(0.844)m. These grants are available in year and will form part of the estimated outturn. The level of grant can change during the year due to the actual award of Small Business Rate Relief and projections may vary accordingly.

Reserves

14. The General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £2.9m. In addition, the Council-wide underspend is £(2.1)m and the support to help deliver future CFW savings is £0.5m. It has also been agreed as part of the 2015/16 budget to release Earmarked Reserves of £(0.752)m, write down the LD Pool deficit of £3.002m and utilise the 2014/15 one-off dividend from MAG of £(1.0)m to support the 2015/16 budget. This would provide for a projected balance as at 31 March 2016 of £(6.4)m which is £(0.4)m above the approved minimum level of £(6.0)m:

Table 5 : General Reserve Movements	(£000's)
Balance 31 March 2014	(10,980)
Commitments in 2014/15:	
- Planned use for 2014/15 Budget (agreed 19 Feb 2014)	2,007
- Additional support for Adult Services (agreed at Council 17 September 2014)	1,582
- Learning Disability budget in-year underspend	(912)*
- Support to help deliver future CFW savings (agreed by Executive 1 December 2014)	500
- Planned use for one-off projects 2014/15	207
- Council-wide budgets underspend	(2,054)
- Transfer from Earmarked Reserves (agreed at Council 18 February 2015)	(752)
- Write down of LD Pool (agreed at Council 18 February 2015)	3,022
Estimated Balance 31 March 2015	(7,380)
- Planned use for 2015/16 Budget (agreed at Council 18 February 2015)	1,000
Estimated Balance 31 March 2016	(6,380)

* The additional support for Adult Services agreed at Council on 17 September 2014 as part of the 2014/15 revenue budget re-alignment report included a temporary budget increase of £2.367m for Learning Disabilities. Any in-year savings within this budget will therefore be used to reduce the commitment on the General Reserve of £1.582m agreed above.

15. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and the write down of the LD Pool deficit, agreed at the Council meeting on 18 February 2015, and adjusting for the estimated outturn, there is a projected net surplus of £(0.722)m to be carried forward to 2015/16 (Table 6).

Table 6: Service balances	b/f April 2014 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing	(871)	1,096	225
Economic Growth, Environment & Infrastructure	(1,155)	681	(474)
Transformation & Resources	(1,978)	1,505	(473)
Total All Services (Surplus)/Deficit	(4,004)	3,282	(722)
Learning Disability Pool (a)	3,022	(3,022)	-
Total (Surplus)/Deficit	(982)	260	(722)

Note:

(a) it was agreed by the Council on 18 February 2015, as part of the 2015/16 budget proposals, to write down the brought forward deficit of £3.022m on the LD Pool in full.

The use of reserve balances during the year are detailed in the Directorate reports attached as Annexes.

Recommendations

16. It is recommended that:
 - a) the latest forecast be noted.

TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team
 Date: 26th February 2015
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title:

Revenue Budget Monitoring 2014/15 – Period 10 (April 2014 to January 2015).

1 Outturn Forecast

- 1.1 This is the eighth CFW Directorate Monitoring Report for 2014/15 and reflects variances against the realigned budget as approved by the Executive.
- 1.2 The revised revenue budget for the year for CFW is £84.826m. The projected outturn for CFW is now £84.499m, which represents an underspend of £(327)k on the re-aligned budget (0.39%).
- 1.3 This is a favourable movement in Adult Social Services from period 9 of £(194)k due to:
- Reduced client need within Older Peoples Services of £(155)k favourable, due to further release of winter resilience funding.
 - Favourable movement on Physical Disabilities due to transfer of telecare revenue expenditure to capital £(133)k favourable.
 - Increased client need within LD Services of £105k adverse.
 - Favourable movement on Adaptations of £(38)k due to revised income forecast.
 - Adverse variation of £49k on Integrated Community Equipment Services (ICES) due to increased use of equipment.
 - Adverse movement on Mental Health client need of £19k
 - Favourable movement on Other Adult Services £(32)k.
 - £(9)k favourable variance across other Adults budget.
- 1.4 The outturn is a favourable movement in Children's Services of £(68)k of which £(30)k relates to an increased underspend in Children's Centres. The remaining £(38)k is spread across all areas of the budget.

2 Explanation of Variances

- 2.1 The main forecast outturn variances are summarised below, with more detail at Appendix 1.

The overall adverse variance for Children's Services is £607k and is analysed below.

Children's Social Services (Including Children with Complex Needs) - £1,240k adverse variation from budget

1. £702k adverse variance on client care packages of which £445k relates to increased numbers and £257k increase in unit costs:

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,068	90	0.3	3,846	66	0.0	-24
External Children's Homes	4.6	3,342	796	7.5	3,338	1,307	2.9	511
Agency foster care	29.8	842	1,307	35.5	853	1,572	5.7	265
In-house foster care	97.4	270	1,373	91.5	301	1,434	-5.9	61
Family and friend foster care	109.6	180	1,031	111.0	192	1,107	1.4	76
Asylum seekers	1.7	272	24	1.2	-112	-7	-0.5	-31
Special Guardianship	33.0	159	274	28.0	149	217	-5.0	-57
Assisted Residence Allowances	26.0	96	130	22.0	111	127	-4.0	-3
Aftercare	n/a		347	n/a		426	n/a	79
Supported Lodges	n/a		255	n/a		232	n/a	-23
Youth Homeless	n/a		185	n/a		191	n/a	6
Stay in Care Placements	n/a		70	n/a		0	n/a	-70
Adoption	20.0		976	13.0		785	-7.0	-191
CAN respite	2.6	1,674	227	2.6	1,674	237	0.0	10
CAN long term care	3.4	2,448	434	4.2	2,283	548	0.8	114
CAN Home from Home	n/a		239	n/a		187	n/a	-52
CAN Direct payments/personalisation	n/a		376	n/a		407	n/a	31
Total			8,134			8,836		702

2. £336k shortfall in income, most of which relates to adoption income of £302k;
3. £69k adverse variance on running costs;
4. Staff vacancies of £(94)k and an adverse variance of £127k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services.
5. An adverse variance of £100k due to non-achievement of the adoption income saving.

Children's Staff Management of vacancies – favourable variance £(383)k

There is a favourable variance of £(383)k in relation to the management of staff vacancies across all of Children's Services (£(94)k included in Children's Social Services above).

Children's Terms and Conditions Savings Unachieved – adverse variance £220k

An overspend of £220k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services; £127k is included in Children's Social Services above.

Children's Education Early Years Additional Income - favourable variance £(130)k

Mainly from additional income relating to the Education Psychology SLA to Schools.

Home To School Transport – Favourable Variance £(243)k

The new contractual arrangements for the 2014/15 academic year are projected to save an additional £(243)k in this financial year over and above the existing target of £(100)k and managing estimated demographic pressures of £90k.

Children's Services Running Costs Favourable Variance £(64)k.

There are favourable variances totalling £(64)k in relation to running costs across all children's services.

Adults and LD Pool – £(934)k favourable variation from budget:

1. Base budget and additional in year savings not achieved (See Appendix 2) - £220k adverse.
2. A recent Supreme Court judgment, which effectively lowered the threshold for what constitutes deprivation of liberty in care (DOLS), has resulted in additional assessment costs for all local authorities, which for Trafford is £263k adverse.
3. In year savings of £(419)k due to vacant posts, particularly within Older People's Services (£146)k, Mental Health £(63)k, Benefits Advice £(37)k, Physical Disabilities £(22)k, LD Day Care and Reablement £(113)k.
4. A one-off efficiency saving of £(200)k as a result of the termination of a carers contract.
5. A £(300)k favourable variance due to a reduction in the assumed use of the winter resilience budget provision for care packages.
6. The release of £(1,300)k of the provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in education.
7. £500k increase in the provision for outstanding debts following a high level review of current and historical debt.
8. Net variation in client need within Older Peoples Services of £78k adverse.
9. Increased client need within LD Services of £343k adverse.
10. Adverse variation of £10k on Adaptations due to reduced fee income in line with current capital programme forecasts.
11. Adverse variation of £79k on Integrated Community Equipment Services (ICES) due to increased use of equipment.
12. Other variances amounting to a net underspend of £(208)k.

Public Health – nil variance from budget:

The Public Health budget is funded through a ring-fenced grant. Any underspend against this grant in the current year will therefore be carried forward to 2015/16. The projected variations relating to Public Health are set out and explained in detail in Appendix 1 and summarised below:

- Management of vacancies - £(57)k favourable, and
- Other income - £(97)k favourable as a result of non-recurrent income from Community Safety for Test on Arrest, £(22)k and a £(75)k contribution from the CCG in respect of Dementia Advice contracts.

This will leave a current unallocated grant balance of £154k for which proposals will be brought forward to support Public Health priorities.

3. Forecasting and Risk

3.1 2014/15 Base Budget Savings

The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(7,390)k relates to CFW. The table in Appendix 2 shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

Of the 34 savings proposals a total of 30 are expected to be achieved in full and one is expecting to overachieve. The 4 schemes projecting a net shortfall of £0.537m are as follows:

1. Children in Care placements - £257k shortfall. This saving proposal was linked to a plan to reduce unit costs for CIC placements (see CFW2 for further details).
2. Home to School Transport £(243)k. The reorganisation of home to school contracts has resulted in a larger saving but is in reality the 2015/16 saving being achieved early.
3. Terms and Conditions (CYPS & Adults) - £423k shortfall due to the number of exemptions in relation to the delivery of front line services.
4. Adoption Placement fees - £100k savings relating to income from other local authorities will not be achieved, as the number of adopters now exceeds the number of children awaiting adoption.

3.2 Additional In Year Savings

There are also £(3.3)m of additional in year savings which were approved as part of the CFW budget re-alignment report, of which it was assumed that £(2.5)m would be achieved in year. A list of these savings and the current projection against the re-based budget of £(2.5)m are also included in Appendix 2.

Of the 18 savings proposals a total of 14 are expected to be achieved in full with the remaining 4 schemes projecting a net surplus of £(0.576)m as follows:

1. Voluntary & Community Sector – £21k underachievement
2. At this stage it is assumed that the full amount of BCF in 2014/15 will be available to the Council.
3. Vacancy Management - the in year target for vacancy management savings is £(580)k, of which it was assumed that £(209)k would be achieved in year as part of the budget realignment. However, this savings target has been overachieved by £(593)k mainly due to posts held vacant pending 2015/16 savings implementation.

3.3 Provision for Outstanding Debts

The Council collects approximately £9.5m each year from clients towards the cost of their residential or domiciliary care package. This is a means tested assessment of a client's ability to pay and some of the debt is deferred i.e. not collected, until a client's assets are sold which can mean debt is not collected for some years. Also the health and wellbeing of a client is taken into account when considering the recovery of debt.

A high level review of current and historical debt outstanding has been carried out and it is considered prudent that £500k is earmarked in the Council's current year's financial plans for the possibility that some debt may not be collected; this would be in addition to the sum of £400k which is already earmarked from previous years. Putting this in context, total bills of £85m have been raised since 2005 and therefore the earmarked provision is equivalent to 1.06% of the total debt raised. The Council will continue to maximise income collection but if any debt is ultimately written off this will be done in accordance with the Council's agreed procedures.

3.4 Care Packages

This is the eighth monitoring report of the financial year based on nine months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the year progresses.

Adult CFW supports the most vulnerable people in the borough and as such the budgets are demand led. Variations in the number and unit cost of care packages has led to significant variations in demand levels, which have not previously been fully reflected in the budget.

2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31st August with a projection to 31st March 2015 for all "live" cases at 31st January 2015. The following table sets out the number and average weekly unit cost of "live" cases which form the basis of current forecast expenditure:

	Re-aligned 2014/15 Budget			Forecast Outturn (Period 10)			Forecast Variance		
Service	Service Users	Average weekly cost	Gross Budget	Current Service Users	Average weekly cost	Gross Forecast	Service Users	Weekly cost	Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	£	(£000's)
Older People									
Domiciliary Care	855	156.33	7,096	845	153.04	6,896	(10)	(3.29)	(200)
Direct Payments	155	178.42	1,669	153	173.34	1,682	(2)	(5.08)	13
Residential/Nursing	571	471.06	14,222	546	474.97	14,219	(25)	3.91	(3)
Physical Disability									
Domiciliary Care	143	178.98	1,212	121	182.52	1,139	(22)	3.54	(73)
Direct Payments	189	220.12	2,270	176	223.84	2,301	(13)	3.72	31
Residential/Nursing	30	656.50	947	30	659.07	968	0	2.57	21
Learning Disability									
Day Care	30	265.06	407	33	257.76	413	3	(7.30)	6
Domiciliary Care	49	293.85	799	46	279.89	703	(3)	(13.96)	(96)
Direct Payments	254	297.47	4,220	253	306.83	4,398	(1)	9.36	178
Residential/Nursing	74	1,330.10	4,166	65	1323.13	3,921	(9)	(6.97)	(245)
Supported Living	88	992.47	4,287	86	971.08	4,453	(2)	(21.39)	166
Mental Health									
Domiciliary Care	46	121.01	244	47	105.94	234	1	(15.07)	(10)
Direct Payments	30	122.65	209	28	125.87	215	(2)	3.22	6
Residential/Nursing	39	561.39	1,135	37	561.41	1,111	(2)	0.02	(24)
Supported Living	19	1,298.06	1,092	24	1203.05	1,155	5	(95.01)	63
Total			43,975			43,808			(167)

Note: the gross forecast is based on the actual cost of services to date plus a forecast for the remainder of the year based on current users. It is not possible to multiply across the above table as the service users & unit cost only reflect current cases.

3.5 The above table reflects the current gross cost of services based on individual care packages. However, for financial monitoring purposes, a number of further assumptions have been made which are not reflected in the table:

- Estimated clawback on Direct Payments of £(850)k based on total receipts to date in 2014/15 of £(682)k. The current forecast is consistent with the actual clawback figure in 2013/14 of £(837)k adjusted to reflect growth in the number of service users receiving direct payments.
- An annual reduction of £(200)k against Home Care packages to reflect previous experience that approximately 10% of home care package hours are not used. This has been applied pro rata to the number of months remaining in the year, the assumed reduction from 1st January 2015 to 31st March 2015 is £(50)k.
- A winter resilience budget provision of £500k was set aside in October 2014 to offset any net growth in care package numbers/costs during the remainder of the financial year. To date £300k of the provision has been released and £200k remains to cover potential additional pressures in February and March.

4. Learning Disabilities (LD) Pooled Fund

4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.

4.2 As part of the 2015/16 budget proposals it was agreed at the Council meeting on 18 February 2015 to write down this deficit in full against the General Reserve.

4.3 Joint work is on-going with Trafford CCG regarding a review of the cost of the Learning Disability service which will help to inform the extent of any contribution by the CCG to the historical deficit.

5. Service carry-forward reserves

5.1 At the beginning of April 2014 the Children, Families and Wellbeing Directorate had accumulated balances of £(871)k carried forward from previous financial years.

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

	DSG	CFW – Non LD Pool	CFW LD Pool
	(£000's)	(£000's)	(£000's)
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Troubled Families Grant		(436)	-
Troubled Families Commitments 15-16		436	
Specific commitments in 2014/15	750	511	
LD Pool Deficit Reserve Write Down (agreed Council 18 February 2015)			(3,022)
P10 Forecast Outturn	720	585*	
	(1,307)	225	0

The DCLG have provided a grant for troubled families which is not ring-fenced and will not be spent by 31st March 2015. There are commitments made to partners for 2015/16.

* The CFW net underspend of £(327)k is split £585k non LD and £(912)k LD. The £(0.912)m underspend on Learning Disability budgets will be used to reduce the commitment on the General Reserve of £1.582m previously agreed at Council on 17 September 2014 (see Table 5 in the covering report).

6. Management Action

- 6.1 The re-aligned CFW budget is dependent on the delivery of additional in-year savings of £(2.5)m. Detailed implementation plans are now underway for these savings.

6.2 Resource Allocation Process

In June 2014, a revised Resource Allocation model was implemented, which now includes a weekly Resource Panel with wider representation including Directors. The aim of the revised model is to ensure that the amount of funding allocated is based on “Just Enough” support principles, to minimise cases agreed outside the Resource Panel and to ensure that the process for agreeing funding for individual packages of care is strengthened, ensuring that both senior operational managers and commissioners scrutinise each case and make best use of available resources, voids, contracts etc.

In addition a further panel has been established to exercise the same level of scrutiny on cases coming out of the internal and external reablement services.

6.3 Business Delivery Programme Board

The Business Delivery Programme Board has recently refreshed the way it works, splitting into three key elements:

- Core Business,
- Financial Business, and
- Learning Disability Business.

This new approach ensures Directors, lead commissioners, Finance Managers and Heads of Operational Services maintain oversight of activity linked to the budget and address key issues relating to financial monitoring reports, monitoring of savings targets, and other budget recovery action taken. A revised approach to escalating issues arising to the CFW Senior Leadership Team has also been agreed.

6.4 Financial Tracking and Monitoring

An overarching Activity Plan has been developed which details all areas of activity linked to the Learning Disability Pooled Budget, including previous Recovery Plans and Business Cases in respect of 2014/15 and 2015/16 savings proposals.

In addition a financial spread sheet has been created to allow reductions to be quantified based on “real time” information. The spread sheet highlights the starting position, reductions projected based on Business Case plans and actual reductions achieved once actions have been implemented and savings realised. The introduction of the facility to track financial changes will support the programme of work and highlight where savings have been achieved and also where there may be areas at risk.

6.5 Children in Care Placements Tracking and Monitoring

The robust tracking and monitoring of placements has been described in detail in previous monitoring reports. The next detailed quarterly placement meeting is being brought forward by one month to ensure the planning of 2015/16 resources is as robust as possible.

Staffing resources are also being considered as a part of this exercise in order that workloads can be managed as effectively and efficiently as possible.

Period 10 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P10 Forecast Outturn (£000's)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	P10 – P9 Movement (£000's)	Ref
Children's Services Portfolio – DSG Element						
Dedicated Schools Grant	0	720	720	480	240	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(720)	(720)	(480)	(240)	CFW1
Sub-total – DSG	0	0	0	0	0	
Children's Services Portfolio – Non DSG Element						
Education Early Years' Service	6,047	5,640	(407)	(384)	(23)	CFW3
Children's Social Services	15,383	16,597	1,214	1,218	(4)	CFW2
Children with Complex & Additional Needs	1,943	1,969	26	31	(5)	CFW2
Commissioning	1,716	1,607	(109)	(98)	(11)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,491	1,448	(43)	(47)	4	CFW3
Youth Offending Service	363	363	0	6	(6)	CFW3
Children's Centres	1,933	1,832	(101)	(71)	(30)	CFW3
Youth Service	1,336	1,363	27	20	7	CFW3
Sub-total – Children's Services	30,212	30,819	607	675	(68)	
CFW Children's Total	30,212	30,819	607	675	(68)	

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P10 Forecast Outturn (£000's)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	P10 – P9 Movement (£000's)	Ref
Adult Social Services Portfolio						
Older People	20,439	20,361	(78)	78	(156)	CFW4
Physical Disabilities	4,963	4,814	(149)	(16)	(133)	
Equipment & Adaptations	1,004	1,083	79	30	49	CFW5
Mental Health	3,612	3,568	(44)	(63)	19	CFW6
Other Adult Services	854	1,035	181	213	(32)	CFW7
Strategic & Support Services	967	947	(20)	(11)	(9)	
Adaptations	(64)	(54)	10	48	(38)	CFW8
Housing Services (Supporting People)	630	629	(1)	(1)	0	
Community Services (Drugs and Alcohol, Dom Abuse)	230	226	(4)	(3)	(1)	
Equalities & Diversity	145	149	4	2	2	
Sub-total	32,780	32,758	(22)	277	(299)	
Learning Disabilities Pooled Fund	22,702	21,790	(912)	(1,017)	105	CFW9
CFW Adults Total	55,482	54,548	(934)	(740)	(194)	
Community Health & Wellbeing Portfolio						
Public Health	(868)	(868)	0	0		CFW10
CFW Public Health Total	(868)	(868)	0	0	0	
CFW Total	84,826	84,499	(327)	(65)	(262)	

Business Reason / Area (Subjective analysis)	P10 Outturn Variance (£000's)	P9 Outturn Variance (£000's)	P10 – P9 Movement (£000's)	Ref
Children's				
Management of staff vacancies	(383)	(411)	28	CFW3
Transport Costs	(243)	(214)	(29)	CFW3
Client Need	445	413	32	CFW2
2014/15 Savings not achieved	577	577	-	CFW3
Other running costs	5	48	(43)	CFW3
Income	206	262	(56)	CFW2,3
Total Children's	607	675	(68)	
Adults				
Management of staff vacancies	(419)	(404)	(15)	CFW4,6,9,10
Transport Costs	76	124	(48)	
Client Need	(1,405)	(1,440)	35	CFW4,6,9
Reduction in Grant Income	0	0	0	
2014/15 Savings not achieved	232	232	0	CFW4,7,10
Other running costs	223	352	(129)	CFW4,6,7,9,10
Other Income	359	396	(37)	CFW4,7,9,10
Total Adults	(934)	(740)	(194)	
Public Health	0	0	0	
Total CFW	(327)	(65)	(262)	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

CHILDREN AND FAMILIES

CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis there is an expected overspend on SEN of £382k, a shortfall in income of £256k, an overspend on Early Years of £127k and an underspend on Maternity of £(36)k plus other variances totalling £(9)k. This would leave a year end reserve of £(1,307)k.

CFW2 – Children’s Social Services (Including CAN) £1,240k adverse variance

- There is an overspend of £702k, on client care packages of which £445k relates to increased numbers and £257k increase in unit costs. This is an increase of £32k on the previous month. Plans are being reviewed in line with what was described in paragraph 6.5.
- There is a projected shortfall in adoption income of £402k. £100k relates to the savings target regarding income from other LA’s not being achieved, as the number of adopters now exceeds the number of children awaiting adoption. In addition to the saving not being achieved, there is an additional shortfall in adoption income causing a total pressure of £402k against the base budget. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. The result of this is that associated staffing establishments will have to be reviewed.
- The remaining variances are a reduction in the Staying Put Grant £87k, support costs relating to foster carers £62k, staff management £(94)k and £127k for not achieving the Terms and Conditions saving, other minor variances £(46)k.

CFW3 - Various

Children’s various Vacancy Management – £(383)k favourable

- There are vacancy management savings amounting to £(383)k across all Children’s Services, this includes Children’s Social Care of £(94)k included in CFW2 above.

Children’s various 2014/15 savings not achieved - £220k adverse

- Non-achievement of elements of the terms and conditions saving due to the volume of exemptions required in critical front line services. (£127k already included in Children’s Social Services CFW2 above).

Children’s Home To School Transport- £(243)k favourable.

- A favourable variance due to the reorganisation of transport contracts which is a 2015/16 saving that is being achieved early.

Additional Income Across Children's Services £(130)k favourable

- Additional income, mainly relating to the Educational Psychology Service SLA to Schools.

Running Costs Across Children's Services £(64)k favourable

- There are various favourable variances for running costs across Children's services which total £(64)k.

ADULT SOCIAL SERVICES

CFW4 – Older People £(78)k favourable

Vacancy management - £(146)k favourable:

- Commissioning management £(66)k favourable and Reablement £(131)k favourable and care management £51k adverse - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

Client Need- £(445)k favourable:

- One-off efficiency saving due to the re-engineering of the Carers Personalisation Contract £(200)k.
- A reduction in the assumed use of the contingency of £(168)k from period 7.
- Contracts now part of Level 1 costs £(75)k.

Savings not achieved- £3k adverse:

- Voluntary and Community Sector – in year shortfall as contracts reduced/ceased part way through the year.

Other Income - £500k adverse:

- £500k increase in the provision for bad debts following a high level review of current and historical debt outstanding.

Other running costs- £9k adverse:

- Minor variances within other Older People budgets.

CFW5 – Equipment & Adaptations £79k adverse

Client Need - £84k adverse

- ICES – Increased equipment usage

Other running costs - £(5)k favourable

- ICES - Minor variations in other running costs.

CFW6 – Mental Health £(44)k favourable

Vacancy management - £(63)k favourable

- MH Social Workers £(51)k favourable and reduced agency costs £(12)k favourable.

Client Need- £18k adverse:

- Contract ceased (Floating Support) £(25)k offset by additional client costs £43k.

Other running costs- £1k adverse:

- Minor variances within other Mental Health budgets.

CFW7 - Other Adult Services £181k adverse

Vacancy management - £(37)k favourable

- Benefits Advice (37)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

Transport Costs - £9k adverse:

- Variation in number and cost of routes.

Other running costs- £232k adverse:

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £263k.
- Community Voices reduction £(33)k
- Other variations in running costs - £2k adverse.

Savings not achieved- £33k adverse:

- Information and Advice Review - £33k adverse - this is the CFW share of a Council Wide savings target now split equally across EGEI, CFW and T&R.

Other income – £(57)k favourable

- Increased Healthwatch income £(57)k.

CFW8 – Adaptations – £10k adverse

Other income – £12k adverse

- Assumed reductions in fee income in line with projected capital programme spend.

Other running costs- £(2)k favourable:

- Other variations in running costs.

CFW9 – LD Pooled Fund – £(912)k favourable

Vacancy management - £(91)k favourable:

- Net vacancies within Social Work, In-House Day Care, Supported Living and LD Reablement.

Client Need- £(1,040)k favourable:

- Release of £(1,300)k of the provision for additional costs arising as children transition into Adult Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in Education.
- Other net variations in client need £260k adverse.

Savings not achieved- £194k adverse:

- Terms and conditions savings not achieved due to the number of exemptions relating to the delivery of critical front line services - £203k adverse offset by Voluntary and Community Sector – in year surplus as a result of more funds returned from contractor than estimated £(9)k.

Transport - £38k adverse

- Additional recharge from CYPS in respect of adults in Education.

Other running costs- £(13)k favourable:

- Other variances within Learning Disability budgets.

CFW10 - Public Health – nil variance

Vacancy management - £(57)k favourable:

- Public Health Leaders - £(49)k favourable – vacancies and savings against posts budgeted at top of grade.
- Health Improvement - £(20)k favourable – vacancy management.
- Other Public Health staffing variations - £12k adverse.

Other running costs- £154k adverse:

- Unallocated grant balance of £154k arising from overall forecast public health underspends for which proposals will be brought forward to support Public Health priorities.

Other income - £(97)k favourable:

- Drug & Alcohol Misuse - £(22)k favourable non recurrent income from Community Safety for Test on Arrest,
- Health & Wellbeing - £(75)k favourable non recurrent income from CCG towards Dementia Advice contracts.

Appendix 2

CFW Base Budget Savings 2014/15		Note	2014/15 Budget (£000's)	Forecast Saving (£000's)	Variance (£000's)
Children in Care Placements	CYPS	1	(480)	(223)	257
Supported Living	CYPS		(50)	(50)	-
MARAS Staffing	CYPS		(50)	(50)	-
Market Management	CYPS		(350)	(350)	-
Increased Use Personal Budgets	CYPS		(25)	(25)	-
Commissioning Integration	CYPS		(20)	(20)	-
Complex Additional Needs	CYPS		(50)	(50)	-
Education Support Services Review	CYPS		(100)	(100)	-
Home To School Transport	CYPS	2	(100)	(343)	(243)
Complex & Additional Needs Personalisation	CYPS		(125)	(125)	-
Terms and Conditions	CYPS	3	(656)	(436)	220
Adoption Placement Fees	CYPS	4	(100)	-	100
Connexions Service	CYPS		(260)	(260)	-
Youth Offending Service	CYPS		(150)	(150)	-
Early Years Childcare	CYPS		(25)	(25)	-
Education Welfare Officers	CYPS		(100)	(100)	-
School Improvement	CYPS		(105)	(105)	-
Grant Assisted Projects (YOS & KEEP)	CYPS		(74)	(74)	-
Reduced Inflation applied to running costs	Adults		(422)	(422)	-
Market Management	Adults		(533)	(533)	-
New models of service in LD reducing placement costs	Adults		(200)	(200)	-
Mental Health - implement Personal Budgets	Adults		(50)	(50)	-
LD Transport - implement Personal Budgets	Adults		(200)	(200)	-
Ascot House - joint service with TPS resulting in efficiencies in running costs	Adults		(100)	(100)	-
Reduce Public Health	Adults		(850)	(850)	-
Telecare	Adults		(400)	(400)	-
Reablement	Adults		(500)	(500)	-
Commissioning Integration (Children's/Adults)	Adults		(20)	(20)	-
Advice & Information - Council wide review	Adults		(83)	(83)	-
Pre-payment cards	Adults		(40)	(40)	-
Carers Services	Adults		(50)	(50)	-
Extension of Personalisation Agenda	Adults		(25)	(25)	-
Supporting People	Adults		(399)	(399)	-
Terms and Conditions	Adults	3	(695)	(492)	203
Inflationary increase for rents charged for supported living houses	Adults		(3)	(3)	-
			(7,390)	(6,853)	537

CFW In Year Budget Savings 2014/15		Note	2014/15 Target (£000's)	Assumed in rebased Budget (£000's)	Forecast Saving (£000's)	Variance (£000's)
Music Service	CYPS		(5)	(5)	(5)	-
Early Help Framework	CYPS		(66)	(66)	(66)	-
Complaints and Governance	CYPS		(5)	(4)	(4)	-
Stronger Families	CYPS		(250)	(250)	(250)	-
Area Family Support Team	CYPS		(36)	(18)	(18)	-
Children In care Personal needs	CYPS		(100)	(100)	(100)	-
Education Psychology	CYPS		(50)	(50)	(50)	-
Application of Grants	CYPS		(500)	(500)	(500)	-
Voluntary & Community Sector	Adults	1	(80)	(80)	(59)	21
LD – Contract Negotiations	Adults		(150)	(75)	(75)	-
LD – Acceleration of Tenders	Adults		(490)	(245)	(245)	-
LD – Ordinary Residence	Adults		(150)	(75)	(75)	-
LD – Ordinary Residence – Brokering Supported Living	Adults		(7)	(4)	(4)	-
LD – Care Packages	Adults		(9)	(9)	(16)	(7)
LD – Development Fund	Adults		(13)	(13)	(13)	-
LD – Void Management	Adults		(17)	(9)	(6)	3
Better Care Fund	Adults	2	(788)	(788)	(788)	-
Vacancy Management	All	3	(580)	(209)	(802)	(593)
			(3,296)	(2,500)	(3,076)	(576)

TRAFFORD MBC

Report to: Economic Growth, Environment and Infrastructure
Directorate Management Team

Date: 26 February 2015

Report for: Discussion

Report author: Finance Manager

Report Title

Revenue Budget Monitoring 2014/15 – Period 10 (April 2014 to January 2015)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £33.492m. The forecast outturn is £33.042m, which is £(0.450)m under the approved budget. This is a net favourable movement of £(0.028)m from the last report.
- 1.2 The key movements relate to additional income from planning control £(0.041)m and parking £(0.035)m, increase in street lighting energy costs £0.030m, reduction in forecast building control income £0.020m, other net movements in staffing/running costs £(0.002)m.
- 1.3 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, one-off projects to support in-year service efficiencies, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.474)m. This will be held to mitigate any future pressures during the year, such as weather related incidents.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.450)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 2.2 There is one-off shortfall in approved savings relating to the Enforcement review (from 2013/14) £0.058m, and Groundforce review £0.047m. This is due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.030m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. Income generation from town centre advertising will not be achieved £0.016m following recent legal advice, and property referral web-site advertising has been re-phased leading to a one-off shortfall of £0.003m this year. Savings will be delivered in full from 2015/16, and for town centre advertising alternative proposals will be progressed through the Medium Term Financial Plan.
- 2.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, which is due to weather related increases in the volume of green waste being recycled over the summer. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract £(0.150)m.

- 2.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m, rechargeable grounds maintenance costs £(0.039)m, Stretford Arndale rent £(0.067)m, Urmston Town centre rent £(0.048)m and other let estate property rents £(0.055)m. Income from charges is higher than budgeted from other car parks £(0.073)m, GM Road Access Permit Scheme £(0.096)m and planning fees £(0.174)m. There are income shortfalls forecast relating to licencing £0.009m, pest control £0.017m, building control £0.125m and Green Deal £0.040m. This is a net overall favourable movement in projected income of £(0.062)m from last reported. In addition, fee income from capital schemes is £(0.005)m higher than budgeted, an adverse movement of £0.022m.
- 2.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.298)m, including £(0.131)m from senior management restructuring, £(0.050)m from school crossing patrols, £(0.049)m Economic Growth team, and £(0.025)m Highways. The net overall underspend on staffing has increased by £(0.025)m since last reported.
- 2.6 Other running cost variances include underspends on Administrative Buildings £(0.018)m and Groundforce £(0.039)m, with overspends projected in Highways/Street Lighting maintenance £0.027m and for a one-off pressure re Altrincham Market £0.029m. This is a net overall adverse movement of £0.007m in general running costs since last reported. In addition, Street lighting energy costs are predicted to be £0.090m above budget, an adverse movement of £0.030k since last reported.
- 2.7 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only necessary spending on supplies and services to be approved;
 - Systematic monitoring and evaluation of existing and potential new income streams;
 - Analysis of rechargeable work for both revenue and capital schemes;
 - Additional improvements to efficiency through service redesign and better procurement;
 - Potential to accelerate future savings proposals.

3. Reserves

- 3.1 At the end of 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. This was a result of the successful management of budget pressures in the last two financial years but also includes a number of commitments relating to projects being re-phased across the year end.
- 3.2 The planned use of these balances is shown below. The current balance of £(0.474)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

Utilisation of Carry forward Reserve 2014/15	(£000's)
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	750
Period 10 forecast outturn (favourable)	(450)
Balance after known commitments	(474)

4. Savings

- 4.1 The approved Directorate budget includes 2014/15 savings of £(3.153)m as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(320)	(271)	49
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(96)	(96)
Terms and Conditions	(127)	(127)	0
Total EGEI	(3,153)	(3,153)	0

- 4.2 The income shortfall of £0.049m relates to the delay in implementing the saving relating to moving traffic offences £0.030m (note EGEI1 below) and £0.019m from town centre advertising and property referral fee web-site advertising (EGEI10). In policy choice £0.047m relates to re-phasing of savings in Groundforce (note EGEI4). All these items are to be mitigated in full from management action and other favourable variances across the Directorate, or by the use of accumulated balances if required. The savings will be achieved in full from 2015/16, with alternative measures for town centre advertising progressed through the Medium Term Financial Plan.
- 4.3 In addition, there is a £0.058m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget. This is also due to additional staff and stakeholder consultations and the saving is now being delivered in full (from August 2014) (see note EGEI6).

5. Forecasting and Risk

- 5.1 This is the eighth monitoring report of the financial year based on ten months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the financial year end approaches.
- 5.2 The key assumptions and/or areas of risk in this forecast are:
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. There is a £0.200m increase in the levy forecast this year due to the weather (see note EGEI5 below);
 - Fee income from capital works will vary depending on the progress of delivering the approved capital programme during the year – total budgeted

fee income for the year is £2.2m. Note: currently £(0.005)m higher than budgeted (paragraph 2.4);

- Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. Bereavement Services income is also affected by external factors. All fees and charges are monitored weekly or monthly, with trends and previous profiles used to inform forecasts;
- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties;
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. The Directorate has £0.120m in a Winter Maintenance reserve to smooth these pressures across financial years, if required – this reserve has not been utilised to date this financial year;

6. Recommendations

- 6.1 It is recommended that the forecast outturn be noted.

Period 10 Forecast Outturn revenue expenditure and income variances.

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

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P10 Forecast Outturn (£000's)	P10 Forecast Variance (£000's)	P9 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	5,151	5,281	130	122	8	EGEI1
School Crossing Patrols	509	459	(50)	(50)	0	EGEI2
Parking Services	(337)	(563)	(226)	(193)	(33)	EGEI3
Groundforce	4,144	4,118	(26)	(34)	8	EGEI4
Bereavement Services	(1,090)	(1,076)	14	12	2	
Sustainability & Greenspace	359	329	(30)	(34)	4	
Waste Management (incl. WDA levy)	18,979	19,038	59	52	7	EGEI5
Public Protection	602	629	27	25	2	
Environmental Enforcement	89	156	67	67	0	EGEI6
Directorate Strategy & Business Support	259	128	(131)	(111)	(20)	EGEI7
Sub-total Environment & Operations Portfolio	28,665	28,499	(166)	(144)	(22)	
Property and Development	2,671	2,391	(280)	(308)	28	EGEI8
Planning & Building Control	(119)	(101)	18	49	(31)	EGEI9
Strategic Planning & Development	533	513	(20)	(18)	(2)	
Economic Growth	759	724	(35)	(35)	0	EGEI10
Housing Strategy	596	629	33	34	(1)	EGEI11
Directorate Strategy & Business Support	459	459	0	0	0	
Sub-total Economic Growth & Planning Portfolio	4,899	4,615	(284)	(278)	(6)	
Operational Services for Education	(72)	(72)	0	0	0	
Total Forecast Outturn Period 10	33,492	33,042	(450)	(422)	(28)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P10 Outturn Variance (£000's)	P9 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highways and Network Management				
Income shortfall, including moving traffic offences	53	47	6	
GMRAPs income above budget	(96)	(82)	(14)	
Capital fee income shortfall	81	57	24	
Staff vacancies	(25)	(25)	0	
Running costs including depot	27	65	(38)	
Energy – Street Lighting	90	60	30	
Sub-total	130	122	8	EGEI1
School Crossing Patrols - vacancies	(50)	(50)	0	EGEI2
Parking Services				
Additional income – Oakfield Road	(128)	(128)	0	
Income – other locations	(73)	(38)	(35)	
Staffing and running costs	(25)	(27)	2	
Sub-total	(226)	(193)	(33)	EGEI3
Groundforce				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs	(39)	(47)	8	
External income	(34)	(34)	0	
Sub-total	(26)	(34)	8	EGEI4
Bereavement Services				
Staffing and maintenance costs	5	3	2	
Income shortfall	9	9	0	
Sub-total	14	12	2	
Sustainability & Greenspace				
Vacancy, supplies & services	(30)	(34)	4	
Waste Management				
Staffing and general running costs	9	2	7	
GM Waste levy – additional green waste recycling	200	200	0	
Waste contract – one-off procurement saving	(150)	(150)	0	
Sub-total	59	52	7	EGEI5

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P10 Outturn Variance (£000's)	P9 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Public Protection				
Staffing and running costs	1	1	0	
Income shortfalls	26	24	2	
Sub-total	27	25	2	
Environmental Enforcement				
Re-profiling of staff/equipment saving	58	58	0	
Running costs - vehicles	9	9	0	
Sub-total	67	67	0	EGEI6
Director & Business Support				
Staffing and Running costs	(131)	(111)	(20)	EGEI7
Sub-total Environment & Operations Portfolio	(166)	(144)	(22)	
Property and Development				
Investment Property Rental Income:				
- Stretford Arndale back rent for 2013/14	(67)	(67)	0	
- Urmston Town Centre – one-off surplus	(48)	(48)	0	
- Airport – surplus	(16)	(16)	0	
- Other properties - surplus	(55)	(55)	0	
Community buildings – income/running costs	7	(6)	13	
Admin Buildings running costs	(18)	(31)	13	
Facilities Management staffing vacancies	(28)	(20)	(8)	
Markets – one-off adjustment to cost recovery	29	29	0	
Other minor running cost variances	2	(10)	12	
Major projects capital fee income	(86)	(84)	(2)	
Sub-total	(280)	(308)	28	EGEI8
Planning & Building Control				
Planning applications income	(174)	(133)	(41)	
Building Control income shortfall	125	105	20	
Staffing including interim support	53	62	(9)	
Running costs	14	15	(1)	
Sub-total	18	49	(31)	EGEI9
Strategic Planning & Development				
Staffing/running costs savings	(20)	(18)	(2)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P10 Outturn Variance (£000's)	P9 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Economic Growth				
Staffing vacancies	(49)	(49)	0	
Other running costs	(5)	(5)	0	
Town centre advertising income	16	16	0	
Property referral fee website advertising income	3	3	0	
Sub-total	(35)	(35)	0	EGE110
Housing Strategy				
Green Deal income re-phased implementation	40	40	0	
Staffing and running cost savings	(7)	(6)	(1)	
Sub-total	33	34	(1)	EGE111
Sub-total Economic Growth & Planning Portfolio	(284)	(278)	(6)	
Total Forecast Outturn EGEI Period 10	(450)	(422)	(28)	

Summary Variance Analysis Period 10

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 9	154	(273)	130	(433)	(422)
Period 10	154	(298)	167	(473)	(450)
Period Movement	0	(25)	37	(40)	(28)

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

EGE11 – Highways & Network Management - £0.130m (adverse)

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has needed to be re-phased into 2015/16.

Running costs are expected to be £0.027m above budget over a number of service areas, which is £(0.038)m less than last reported. This mainly reflects latest forecasts of maintenance costs in highways and street lighting. Use of capital and other measures are being reviewed to mitigate the overall pressure.

Staffing is expected to be £(0.025)m underspent for the year due to vacancies.

There is additional income above budget of £(0.096)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14. This is £(0.014)m higher than last reported based on latest figures from TfGM.

Fee income from technical and consultancy work charged to capital schemes is projected to be £0.081m below budget due to the predicted timing of capital works. This is £0.024m higher than last reported based on the latest position on capital spending.

Street Lighting energy costs are projected to be £0.090m higher than budgeted based on latest projected usage volumes and new contract prices from October 2014. This is an adverse movement of £0.030m since last reported. The new energy supplier bills from October were received last month and show a 16.5% overall increase compared to the previous contract prices agreed in October 2013. Of the increase only 1.4% relates to the Council's procurement of energy, with the remainder relating to increases in network, transmission and other charges from the National Grid and Climate Control Levy costs. This pressure will continue into 2015/16 and increases have been provided in the Medium Term Financial Plan which will need to be carefully monitored against the monthly bills on an on-going basis.

EGEI2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing due to vacancies.

EGEI3 – Parking Services – £(0.226)m (favourable)

The approved budget for 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.128)m above budget, which has continued from last year.

Other car parking income is projected to be £(0.073)m above target, which is a favourable movement of £(0.035)m since last reported. Resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

EGEI4 – Groundforce - £(0.026)m (favourable)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is a forecast one-off overspend of £0.047m this year. This relates to additional consultations with staff and other stakeholders in order to implement the approved budget proposals.

Running costs are expected to be £(0.039)m less than budgeted mainly reflecting a reduction in projected plant and vehicles costs (including fuel). This is an adverse movement of £0.008m from last reported. One-off backdated income of £(0.039)m relates to rechargeable grounds maintenance works.

EGEI5 – Waste Management and Disposal - £0.059m (adverse)

Following notifications from the Greater Manchester Waste Disposal Authority, there is an estimated additional levy cost of £0.200m this year. This is due to weather related increases in the overall tonnages of green waste being disposed, and is adversely affecting all Councils across Greater Manchester. The level of waste is recorded at the time of disposal and the levy impact reported monthly to GM Councils by the

WDA. The percentage of waste recycled as a proportion of all waste remains high (over 60%), and the budgeted savings from the introduction of food waste recycling are on course to be achieved.

The service has negotiated changes to the waste collection contract which will result in an estimated one-off saving of £(0.150)m. This can be used to part mitigate the disposal levy pressure above, with the balance covered by use of reserves brought forward from 2014/15, if necessary.

EGEI6 – Environmental Enforcement £0.067m (adverse)

The 2013/14 saving associated with the review of Enforcement has been re-profiled following additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.058m for the year. All changes were implemented at the end of August and the saving achieved in full from this point.

Additional costs relating to vehicles of £0.009m are included in the forecast spend.

EGEI7 – Director & Business Support £(0.131)m (favourable)

The restructure of the previous ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver an on-going saving of £(0.086)m on current budgeted staff costs. There is an additional one-off underspend of £(0.045)m due to revised timeframes around new starters and the filling of outstanding vacancies in the new structure. This is £(0.020)m higher than reported last month.

EGEI8 – Property and Development - £(0.280)m (favourable)

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This has taken longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.048)m one-off benefit this year. The disposal has now been completed.

For Stretford Arndale, the Agents for the owners have continued to maintain a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. The year-end rental payment for 2013/14 of £(0.067)m was received in October.

Rent from Manchester Airport rent is £(0.016)m above budget following notification from Manchester City Council of new rent levels.

Other let estate rental income is expected to be above budget across the property portfolio totalling £(0.055)m, which is £(0.046)m higher than last reported based on latest projections.

Improved efficiency in the Major Projects team has continued from the last financial year and forecast for fee income from capital and external projects is £(0.086)m higher than budgeted. This is a favourable movement of £(0.002)m since last reported based on latest projections of capital programme spending.

Administrative building running costs are less than expected across the portfolio by £(0.018)m, an adverse movement of £0.013m since last reported. This includes £(0.039)m relating to the catering concession at Altrincham Town Hall.

There is a one-off adjustment to cost recovery for Altrincham Market £0.029m.

EGEI9 – Planning and Building Control – £0.018m (adverse)

Projected income from planning fees is £(0.041)m higher than last reported, now giving an overall surplus of £(0.174)m. There is a projected shortfall in income from building control fees of £0.125m, an adverse movement of £0.020m, and action is underway to address this. Both fees are monitored regularly.

There is a projected overspend on staffing of £0.053m for the year and reflects the appointment of interim staff to cover vacancies and address the resulting capacity issues. These posts contribute to the achievement of the additional planning income above. The permanent filling of vacant posts will be addressed by the on-going restructure of the combined Directorate. Running costs are £0.014m above budget and includes investment in ICT to improve efficiency.

EGEI10 – Economic Growth Team – £(0.035)m (favourable)

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area.

The income generation proposal relating to town centre advertising will not be achieved due to recent legal advice leading to an overspend of £0.016m. This will be addressed through alternative proposals and progressed in the Medium Term Financial Plan. Income from property referral fees web-site advertising have been re-phased to later in the year giving a predicted shortfall of £0.003m.

EGEI11 – Housing Strategy – £0.033m (adverse)

There is a predicted shortfall in income of £0.040m from the implementation of Green Deal. This is an on-going pressure and will be addressed in the Medium Term Financial Plan. Other staffing and running costs are forecast to be £(0.007)m underspent.

TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team
 Date: 27 February 2015
 Report for: Discussion
 Report author: Senior Accountant – Transformation & Resources

Revenue Budget Monitoring 2014/15 – Period 10 (April 2014 – January 2014 inclusive)
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1. Outturn

1.1 The current approved revenue budget for the year is £17.527m, and after period ten the forecasted outturn is £17.103m, which is a £(0.424)m, or (2.4)%, underspend position. This is a favourable net movement since the last report of £(0.019)m.

2. Summary of forecast and movements

2.1 Detail on the forecasted outturn analysed by service, portfolio and activity is provided at Appendix 1. The following summarises the significant movements from the previous period, referenced to the detail in Appendix 1:

- **Vacancy Management, £(544)k favourable forecast, £(39)k favourable movement;** this covers savings across most service areas and includes a net variance for Finance Services due to an overspend position in Financial Management £26k, more than offset by savings of £(205)k in Exchequer Services. The favourable movement in the month is spread across a number of service areas (T&R4).
- **Delays in delivering budget savings, £375k cumulative adverse forecast, £(17)k favourable movement:** the adverse variance is based on an assessment of both timing and savings level. The monthly movement is due to further savings achieved on the HR restructure £(9)k which will be fully achieved in April 2015 and part year savings on the Partnership and Communities restructure £(8)k - see paragraph 3.2 (T&R1).
- **Delay in telephony, voice and data upgrade, £67k adverse forecast, no movement;** this reflects the delay in implementing transfer of calls from ISDN lines to SIP lines which is currently estimated will have £67k adverse impact in 2014/15. The overall position is now improving as the implementation is moving at a fast pace and is expected to be completed by the end of the financial year (T&R2).
- **Barrister and Court Fees, £53k adverse forecast, £14k adverse movement;** the number of cases being determined in-year and the costs of the individual cases has been on the increase for a number of years. The 2015/16 budget includes additional funding to address the budget shortfall. The movement in the month follows an updated assessment of cases (T&R3).

- **Income variances, £(460)k favourable forecast, £(72)k favourable movement;** (T&R5) the movement is mainly as a result of:
 - £(31)k additional Partnership and Communities income, including £(16)k LAA funding for Sports Development Manager and £(15)k Cabinet Office funding: release of data grant;
 - £(41)k Counter Fraud income in Exchequer Services to promote a risk based approach to counter fraud and enforcement.
- **Running costs variances, £85k adverse forecast, adverse monthly movement £95k,** (T&R6).The adverse monthly movement is due to expenditure offset by additional funding as outlined above.

3. MTFP Savings 2014-15

- 3.1 The Council's overall budget for 2014/15 includes £(13.776)m of savings of which £(3.006)m relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2.632)m, which is 88% of the target.
- 3.2 The delay in in-year cash savings of £0.374m into the following year is in respect of the following initiatives.

Table 1: Saving Description	Phased Savings (£000's)
Human Resources Restructure (a)	83
Partnerships and Communities Restructure (b)	84
Legal Services Restructure (a)	36
Design and Print (c)	113
ICT - Social care - licence fee (d)	59
Total	375

3.3 Notes to the above phased savings table:

- (a) As noted at Scrutiny review this is a phased implementation. Proposals are now in place to deliver this saving;
- (b) £234k achieved. It has been reviewed further and there is no movement and the balance is due to lengthened timescale to appoint to structure;
- (c) £107k achieved. Balance to be realised across the Council – a contract tendering exercise for printing and photocopying services will be undertaken following which this position will be reviewed.
- (d) Linked to rephased Liquid Logic ICT project.

3.4 The in-year shortfall against budget has been mitigated by in year net underspends.

4. Reserves

- 4.1 The Directorate has accumulated balances of £(1,978)k brought forward from previous years. This will be used to support the delivery of the Reshaping Trafford Programme and the development of future efficiencies. Funding will be provided for an investment in ICT hardware, software and communications such as server upgrades, network connections and access to services.
- 4.2 The table summarises the projected movement during 2014/15:

Table 2: Utilisation of Carry Forward Reserve 2014/15	£000's
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	735
ICT hardware and software upgrades	361
Contingencies	504
Land Charges Claim	185
Improving communications and democratic access	144
2014/15 Outturn	(424)
Remaining Balance at 31 March 2015	(473)

5. Main Assumptions

- 5.1 This forecast has been based on ten months of actual activity in 2014/15, compared to the budgeted plan, and where appropriate to previous years. Where adjustments have been made, they have been done in consultation with the relevant manager for any known variance in plans or activity. The key assumptions and/or areas of risk in this forecast are:
- Court costs and Barrister fees; are volatile, with the quantity of cases being determined in-year and the costs of the individual cases being highly variable. The estimated forecast was based on current actuals extrapolated by the previous five years' experience, but is now based on current actuals plus known commitments until the end of the financial year. This will continue to be reviewed monthly.
 - Included in the T&R 2014/15 is £592k vacancy factor, which reflects staff turnover and the delays in time to recruit to establishment posts at 3.5%. The current vacancy management forecast of £(579)k favourable variance (T&R 4) assumes that this £(592)k will be fully achieved as per previous year's activity levels. After ten months £13k or 2% of this vacancy factor has not been achieved but the current vacancy levels forecasted assume this will be achieved by the end of the financial year.
 - The £67k adverse variance on the transfer of telephony lines to the new contractor is prudently shown at the maximum for the whole year. Any further contribution towards the additional in-year costs from the contractor has not been assumed at this stage.

- Waterside Arts Centre ticket sales income budget of £(304)k is based on previous year's activity. Income is variable dependent upon the popularity of the entertainment programme and the level of customer demand for tickets. Note: the income received up to the end of January 2015 is £(277)k compared to £(225)k received in the same period last year.

Period 10 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P10 Forecast Outturn (£000's)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	P10 to P9 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	2,491	2,421	(70)	(65)	(5)	T&R1,3
Communications & Customer Services	5,838	5,732	(106)	(107)	1	T&R1,2
Strategic Human Resources	2,068	2,002	(66)	(37)	(29)	T&R1
Corporate Leadership and Support	368	340	(28)	(31)	3	
sub-total	10,765	10,495	(270)	(240)	(30)	
Finance Portfolio						
Finance Services	3,614	3,361	(253)	(273)	20	
sub-total	3,614	3,361	(253)	(273)	20	
Communities and Partnerships						
Partnerships & Communities	1,529	1,603	74	83	(9)	T&R1
Culture & Sport	1,619	1,644	25	25	0	
sub-total	3,148	3,247	99	108	(9)	
Total	17,527	17,103	(424)	(405)	(19)	

Business Reason / Area (Subjective analysis)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	P10 to P9 Movement (£000's)	Note ref
Delay in savings implementation	375	392	(17)	T&R1
ISDN line upgrade delay	67	67	0	T&R2
Court Costs and Legal fees	53	39	14	T&R3
Management of Vacancies	(544)	(505)	(39)	T&R4
Income	(460)	(388)	(72)	T&R5
Running Costs	85	(10)	95	T&R6
Total	(424)	(405)	(19)	

NOTES ON PROJECTED OUTTURN VARIANCES

T&R1 - £375k adverse, phasing of base budget savings (discussed in Section 3)

Action will be taken in year on the various initiatives to achieve £(3.006)m in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspend in other areas, and in-year cash savings will be used to mitigate this loss.

T&R2 - £67k adverse, delay in telephony, voice and data upgrade

The migration of voice and data telephony lines between contractors has been delayed.

T&R3 - £53k adverse, Barrister and Court fees

This is primarily due to current activity levels relating mainly to childcare caseload and the cost of such legal action.

T&R4 - £(544)k favourable, vacancy management

Communications, Human Resources, Exchequer, Internal Audit and ICT services have been recently subject to reviews, staff turnover and posts being held back for 2015/16 savings. The favourable variance is across the services within T&R and mainly due to ICT, Communications, Exchequer Services as a result of vacancies not being filled as planned.

T&R5 - £(460)k favourable, income

There are favourable variances across the T&R Directorate including:

- Legal & Democratic **£(164)k** relates mainly to Barristers fees recharged to the capital programme and work carried out in relation to STaR & Troubled Families Programme.
- Access Trafford **£(28)k** relates to income from Tourist Information Centre.
- Communications **£(12)k** in respect of billboard advertising around The Quays.
- Finance **£(72)k** (SLA income from schools £(15)k, VAT refund, £(17)k rebates in procurement £(17)k and income from other sources of £(23)k,
- HR **£(119)k** relates to income from Stop Gap placements, grant funding, Service Level Agreements with Schools/Academies and training.
- Partnership & Communities **£(109)k** includes £(32)k of Home Office funding for support towards the Intelligence and Innovation Lab, £(35)k Community Covenant Grant for an initiative called "Serving Stories" at the Imperial War Museum and £(7)k other income plus £(31)k additional Partnership and Communities income (including £(16)k LAA funding for Sports Development Manager and £(15)k Cabinet Office funding: release of data grant) and miscellaneous income of £(4)k.

- Culture & Sports **£13k** shortfall in income due to lower than anticipated income from room hire.
- Exchequer Services **£(41)k** Counter Fraud income.
- **£72k** shortfall in income relating to Proceeds of Crime and CCTV Control Room. (T&R 6).

T&R6 - £85k adverse, running costs

Mainly due to expenditure incurred on initiatives supported by additional income referred to above.

TRAFFORD COUNCIL

Report to: Director of Finance
 Date: 26 February 2015
 Report for: Information
 Report author: Finance Manager Financial Accounting

Report Title

Revenue Budget Monitoring 2014/15 – Period 10 Outturn - Council-Wide Budgets (April 2014 to January 2015 inclusive)

1 Outturn Forecast

- 1.1 The current approved revenue budget for the year is £20.291m. The outturn forecast is £18.237m, which is £(2.054)m under the budget, a favourable movement of £(0.173)m since the last report.
- 1.2 Appendix 1 details by variance area the projected outturn as compared to the approved revenue budget, with the main variances being;
- Manchester Airport Group interim dividend payment £(1.000)m not budgeted for;
 - Proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014, £(0.054)m;
 - Empty Homes/Single Person Discount Review, one-off fees of £0.045m. As a consequence of the Empty Homes review, the Council will receive additional income from New Homes Bonus grant for each of the 155 properties identified, worth approximately £1,455 per property;
 - Members expenses - savings as a result of changes to the Members Allowances Scheme, pay award and reduced running costs £(0.050)m;
 - £(0.844)m additional Section 31 grant relating to the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes;
 - £0.056m reduction in the level of Education Services grant;
 - Housing and Council Tax Benefits overpayment recovery net variance of £(0.184)m;
 - External Audit fees, one-off rebates £(0.037)m and savings on grant audit fees of £(0.002)m, offset by additional costs of £0.010m relating to the forensic review of the Council's investigation report into budget monitoring arrangements;
 - VAT refunds relating to a claims for backdated commercial waste income, £(0.029)m and parking meter income, £(0.013)m;
 - Estimated costs of a Judicial Review regarding adult social care budget consultation, £0.038m;
 - Other minor variances, £0.010m.

2 Service carry-forward reserve

- 2.1 Other than for the Coroner's Service, Council-Wide budgets do not have their own carry forward reserve, and any underspend will be transferred to the General Reserve, as detailed in the summary report.

3 Forecasting and Risk

- 3.1 This forecast has been based on seven months of actual activity. The activity covered by Council-Wide budgets is varied, and the key assumptions in the October forecast are:

- Average investment rates will be 0.7% with a cash flow of £75.4m.
- The majority of the Council's loans are at fixed rate interest. The only variable loan of £20m is with the Royal Bank of Scotland at 6.01%. However, there is a smoothing reserve to mitigate large variations from this assumption.
- Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.
- All contingency budgets for end of year adjustments will be utilised, including the provision for bad and doubtful debts.

Period 10 Draft Outturn revenue expenditure and income variances,

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P10 Forecast Outturn (£000's)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	Period Movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,855	17,854	(1)	(1)		
Provisions (bad debts & pensions)	(535)	(506)	29	16	13	C-W1
Treasury Management	7,981	6,965	(1,016)	(1,016)		C-W2
Insurance	775	775				
Members Expenses	926	876	(50)	(25)	(25)	C-W3
Grants	(6,804)	(7,597)	(793)	(793)		C-W4
Other Centrally held budgets	93	(130)	(223)	(62)	(161)	C-W5
Total	20,291	18,237	(2,054)	(1,881)	(173)	

Business Reason / Area (Subjective analysis)	P10 Outturn variance (£000's)	P9 Outturn variance (£000's)	Period Movement (£000's)	Ref
Urmston Town Centre additional sale proceeds	(54)	(54)		C-W1
Empty Homes/Single Person Discount Review	45	45		C-W1
Judicial Review	38	25	13	C-W1
Treasury Management:				
- MIA interim dividend	(1,000)	(1,000)		C-W2
- Investment Income	(10)	(10)		C-W2
- Debt payments	(6)	(6)		C-W2
Precepts, Levies & Subscriptions	(1)	(1)		
Members Expenses	(50)	(25)	(25)	C-W3
Grants	(793)	(793)		C-W4
External audit fees	(29)	(6)	(23)	C-W5
Housing & Council Tax benefits	(184)	(59)	(125)	C-W5
VAT Refunds	(42)	(29)	(13)	C-W5
Other minor variances	32	32		C-W5
Total	(2,054)	(1,881)	(173)	

NOTES ON PROJECTED VARIANCES

C-W1 – Provisions - £0.029m (adverse), £0.013m adverse movement

The sale proceeds from the planned sale of the Council's interest in Urmston Town Centre, following its redevelopment, are £(0.054)m in excess of the figure agreed at the Council meeting on 17 September 2014.

An exercise has been carried out to confirm whether long term (more than 6 months) empty properties were in fact occupied. The fee for this work is £0.045m made up from an Empty Homes review, £0.033m and a Single Person Discount review, £0.012m. Also, as a consequence of the review of empty homes additional New Homes Bonus grant will be secured for each of the 155 properties identified, worth approximately £1,455 per property.

The Council was recently successful in defending legal proceedings, brought in relation to the legality of the budget consultation process regarding the proposed cuts to its adult social care budget. Whilst the Council succeeded in the High Court and permission to appeal was refused, nevertheless, there remains the possibility that the Claimant may apply to appeal directly to the Court of Appeal. If permission is sought and granted then the costs will increase considerably. The costs to the Council of the Judicial Review are currently estimated at around £38k, an increase of £13k since last month.

C-W2 – Treasury Management - £(1.016)m (favourable)

Manchester Airport Group (MAG) announced their interim results for 2014/15 and have paid a total dividend of £31m across the members of the Group, which for Trafford equates to £(1.0)m.

Other minor savings from investment interest and lower debt repayments, £(0.016)m.

C-W3 – Members Expenses - £(0.050)m (favourable), £(0.025)m favourable movement

Changes to the Members Allowances Scheme were approved at the Council meeting on 17 September 2014 following a report from the Independent Remuneration Panel (IRP). The changes will generate annual savings of approximately £(0.036)m. However, a number of the changes are only effective part way through the year and the estimated saving in 2014/15 is £(0.025)m. Savings have also been made from the part year effect of the recent pay award and reduced running costs totaling £(0.025)m.

C-W4 Grants - £(0.793)m (favourable)

In 2014/15 the Council will receive additional Section 31 grant to compensate for the loss of income from the Government's decision to extend the Small Business Rate Relief/Retail Relief Discount Schemes. The grant also includes a sum for a renewable energy scheme at Saica paper mill, which is wholly retained by the Council. The grant is worth £(0.844)m in total and the Council has discretion over its use.

The 2014/15 Education Services grant, at £(3.397)m, will be £0.056m below the budget of £(3.453)m. This specific grant is based on pupil numbers in Council maintained schools and may reduce further depending on the final number of schools converting to Academy status during the year.

C-W5 – Other Centrally held budgets - £(0.223)m (favourable), £(0.161)m favourable movement

- **Housing & Council Tax Benefits - £(0.184)m (favourable)**

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 latest projected outturn for 2014/15 is £(0.149)m. The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

There is a net variance of £(0.035)m within the Housing Benefit budget.

- **External Audit fees - £(0.029)m**

The Audit Commission paid rebates to audited bodies, returning some £6.8m to local government, fire and rescue and police bodies. The rebates reflect the efficiency savings achieved by the Commission ahead of its closure in March 2015, Trafford's share being £(0.021)m.

The Commission also made further rebates in respect of audit fees to audited bodies, returning another £6 million to principal bodies. This second tranche of rebates resulted from the efficient management of the Commission's closure, Trafford's share being £(0.016)m. The Commission's Board will also consider in March 2015 the amount of any final rebate on audit fees.

There have also been additional one-off costs of £0.010m relating to the forensic review of the Council's investigation report into budget monitoring arrangements.

- **VAT Refunds - £(0.042)m**

HMRC changed the VAT legislation regarding the collection of commercial waste in February 2011 from taxable to non-business (nil rate VAT).

The Council submitted a claim to HMRC initially for 4 years covering June 2007 to March 2011 for £157,474.41.

After negotiations via the CIPFA VAT committee it has been agreed by HMRC that they will pay Local Authorities 20% of the value of this claim, which for Trafford is £(0.029)m. 20% reflects the number of commercial customers who are not registered for VAT, so cannot reclaim the value charged, or are charities. This was a National agreement across all Local Authorities who submitted claims.

HMRC have also recently changed the VAT legislation regarding the treatment of change which Council's do not refund to customers for their off street car parking meter fees, from taxable to non-business (nil rate VAT). This allowed the Council to make two claims, one for £(0.016)m relating to the period from January 2010 to March 2013, which has now been paid. The second for £(0.043)m for the period from April 1991 to March 2008 relates to and has been added to another current Council claim outstanding for off street car parking which is still going through the European Court process. A decision on this claim is awaited from HMRC.

- Other minor variances £0.032m.