

TRAFFORD COUNCIL

Report to: Executive

Date: 29 June 2015

Report for: Decision

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

Report Title:

Revenue Budget Monitoring 2014/15 – Period 12 Outturn (April 2014 to March 2015).

Summary:

The revised revenue budget approved at the Council meeting on 17 September 2014 is £156.134m and the pre-audit outturn is £150.627m. This is an underspend of £(5.507)m, (3.5)% for the year, and a favourable movement on the previous forecast of £(1.726)m (summary by Directorate and Portfolio at Tables 1 and 2).

Excluding Council-Wide budgets, the service expenditure outturn is £(2.902)m less than budgeted, or (2.1)%.

The main areas of overall budget variance are summarised as:

Activity	Outturn £m	Movement £m
Increased demand and unit costs for Children in Care placements	0.3	(0.3)
Adult Services client costs	(0.3)	(0.2)
Adult Services provision for doubtful debts	0.5	-
LD Pool: release of budget provision for transitional cases	(1.6)	(0.1)
Additional external income, including SLA's	(1.5)	(0.5)
Rephased base budget savings	0.4	
In year savings not met (incl. Terms & Conditions)	0.6	
Vacancy management	(1.5)	
Deprivation of Liberty assessment costs	0.2	-
Manchester Airport Group Dividend	(1.0)	-
Council-wide contingency & provisions	(0.3)	(0.3)
Other variances	(0.4)	(0.2)
Additional Income from Business Rates available in 2014/15	(0.9)	(0.1)
Outturn	(5.5)	(1.7)

It is worth noting that the outturn for the year is £(3.925)m below the original budget of £154.552m set in February 2014. This is the 11th successive year that expenditure has been contained within budget.

Reserves

The level of General Reserve at year end is £(7.9)m (see paragraph 16). After deducting future planned commitments the available balance is £(6.7)m, which is £(0.7)m above the 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 £(1.067)m in-year underspend in Children, Families & Wellbeing has been used to reduce the original commitment on the General Reserve agreed in September 2014 (see Table 6).

The net service carry forward reserves at the beginning of the year was £(4.004)m, and after taking into account planned use and the service Directorates' outturn the closing balance is £(3.641)m surplus.

Council Tax

The surplus brought forward of £(0.5)m, has increased by an in-year surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget, additional provision for doubtful debts of £0.2m and another £0.2m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(0.8)m. The Council's share of this surplus is £(0.6)m, and is planned to support future budgets in the MTFP.

Business Rates

The final surplus on the new Business Rate Retention scheme for 2014/15 is £(3.524)m, of which Trafford's share (24.5%) is £(0.863)m. Under the rules which govern the scheme, this surplus 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, is £(0.918)m, a favourable movement of £(0.074)m since last reported, and is included in the outturn of £150.627m.

Recommendation(s)

It is recommended that:

- a) the pre-audited outturn be noted
- b) the £(1.067)m underspend in Children, Families & Wellbeing is transferred to the General Reserve;
- c) an earmarked reserve of £400k is established in respect of the Better Care Fund;
- d) the General Reserve and Collection Fund balances and commitments are noted and confirmed.

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:.....JLF.....

DIRECTOR'S SIGNATURE

Budget Monitoring - Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £(5.507)m, (3.5)%, for 2014/15 (Tables 1 & 2), which is a favourable movement of £(1.726)m from last period (paragraph 4).
2. The overall variance includes a net underspend on the three Directorate budgets of £(2.902)m, (2.1)%, and a net underspend on Council-wide budgets of £(2.605)m, (12.8)%. 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	337*	1.1%	(271)	1
CFW – Adult Social Services	(1,404)*	(2.6)%	(481)	1
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(1,200)	(3.6)%	(341)	2
Transformation & Resources	(635)	(3.6)%	(191)	3
Total Service Variances	(2,902)	(2.1)%	(1,284)	
Council-wide budgets	(2,605)	(12.8)%	(442)	4
Outturn variance	(5,507)	(3.5)%	(1,726)	

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	337*	1.1%	(271)
Adult Social Services	(1,404)*	(2.6)%	(481)
Community Health & Wellbeing	-	-	-
Environment & Operations	(773)	(2.7)%	(337)
Economic Growth & Planning	(427)	(8.7)%	(4)
Communities & Partnerships	41	1.3%	(50)
Transformation & Resources	(280)	(2.6)%	(26)
Finance	(3,001)	(12.6)%	(557)
Outturn variance	(5,507)	(3.5)%	(1,726)

* The £(1.067)m underspend in CFW has been used to reduce the commitment on the General Reserve (see Table 6).

Key Outturn Variations and Period Movements

3. The key variances for the year contributing to the outturn position of £(5.507)m are:
 - Learning Disability Pooled budget release of £(1.600)m provision for additional costs arising as children transition into Adult Services between the ages of 18 and 25;
 - New and increased income generated £(1.125)m of additional funding, including: Parking Services £(0.287)m; Planning & Building Control £(0.167)m; Exchequer Services £(0.253)m; Legal Services £(0.165)m;

Partnerships & Communities £(0.108)m; HR £(0.135)m and Finance Services £(0.095)m;

- Manchester Airport Group interim dividend payment £(1.000)m which had not been budgeted for;
- Vacancy management across all Directorates £(0.913)m;
- £(0.918)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;
- Other net variances totalling £0.049m.

4. The key variances contributing to the period movement of £(1.726)m favourable are

- £(0.274)m reduction in anticipated costs within Children's Social Services (including Children with Complex and Additional Needs);
- £(0.323)m net favourable movement relating to client need within Adult Services;
- £(0.167)m increased income across Adult Services;
- £(0.335)m reduction in running costs across the Economic Growth, Environment & Infrastructure Directorate, particularly within Highways, £(0.146)m, Waste Management, £(0.100)m, Property & Development, £(0.042)m and Parking Services, £(0.041)m;
- £(0.290)m increased income across the Transformation & Resources Directorate, including Council Tax and NNDR liability order income, recovery of court costs and a number of Government grants within Exchequer Services;
- £(0.318)m underspend on contingency and provision budgets following year-end adjustments concerning creditor provisions in respect of the electronic ordering system;
- Other net variances, £(0.019)m.

MTFP Savings and increased income

5. 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.
6. The following table summarises the overall achievement at financial year-end against the total base budget savings target for 2014/15 of £(13.776)m; noting the shortfall, how this shortfall has been mitigated in 2014/15 and action already taken in the 2015/16 budget.

Table 3: Base budget savings	Total (£000's)
Total Savings delivered	(12,647)
Budget savings required	(13,776)
Shortfall	1,129
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 Traffic Offences	(30)
Re-phased savings from CFW reserve in 14/15	
• Terms and Conditions (CFW)	(423)
• Children in Care Placements	(245)
• Personal Budgets (Mental Health etc.)	(212)
• Shortfall in Adoption Fee Income	(100)
• Education Support Services (overachievement against savings target)	5
Alternative savings in CFW in 14/15	
• Home to School Transport (overachievement against savings target)	258
Shortfall met from Service Carry forward reserves	(1,129)

7. In cash terms, £(12.647)m, or 91.8%, of the original savings target of £(13.776)m has been delivered at year end. This is a reduction of £0.180m on the February 2015 forecast of £(12.827)m. The overall shortfall in savings of £1.129m will be met from Directorate carry forward reserves.
 - Of the £1.129m shortfall, £0.717m relates to CFW, £0.316m T&R and £0.096m EGEI.
 - There are savings that will not be delivered, of which £0.423m relates to terms and conditions within CFW, £0.212m relating to Personal Budgets (Mental Health etc.), £0.016m reduced Town Centre Advertising Income, £0.100m shortfall in adoption fee income and £0.218m relating to Children in Care Placements. The total of £(0.969)m have been removed as savings from the budget for 2015/16.
8. Additional savings of £(3.3)m were agreed by the Executive on 17 September 2014 to address the in-year budget shortfall in Adult Social Care. Some £(3.226)m or 98%, of these savings have been delivered at the financial year end, which is £(0.726)m above the minimum £(2.5)m target. Further details are shown in Annex 1 paragraph 3.2 on page 15.

Council Tax

9. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between the GM Fire & Rescue Authority and the Police & Crime Commissioner, as well as the Council.
10. The total Council Tax in-year surplus for 2014/15 is £(1.095)m, with the Council's share of this being £(0.926)m. 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.
11. Backdated valuations and awards of discounts or exemptions resulted in a one-off reduction in income of £0.231m. In year collection rates for 2014/15 have been better than expected at 97.84% compared to a target of 97.8%, however the collection of older debt has not been as successful as in previous years. As a consequence, a further one-off amount of £0.193m has been set aside to increase the provision for doubtful debt. The unpaid debts will continue to be pursued and if successful the provision could be reduced, which will improve the balance on the Collection Fund.
12. After taking account of the planned application to support the 2014/15 budget of £0.356m, the end of year total balance is forecasted to be £(0.773)m, of which the Council's share is £(0.649)m. This is an adverse movement of £0.189m since the previous forecast, largely as a result of the increase in the provision for doubtful debts. The Medium Term Financial Plan assumes use of the

Collection Fund surplus of £0.356m per annum over the next two financial years.

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	113		95	
Empty Homes Premium	(100)		(84)	
Council Tax Support awards	(1,108)		(931)	
In Year Surplus		(1,095)		(920)
Banding valuations & discounts	231		193	
Increase in Bad Debt Provision	193	424	163	356
In-year application of surplus		356		300
Forecasted surplus carry forward		(773)		(649)

Business Rates

13. 2014/15 was 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.
14. The level of income for the year, after discounts, reliefs, cost of collection and provisions, was £(158.111)m, which is £(3.524)m in excess of the baseline target of £(154.587)m. The amount retained by the Council, net of levy payable to the Government was £(0.863)m and exceeded previous projections by £(0.008)m. The majority of this will be available to support the budget in 2015/16 based on the Council's NNDR1 submission in January 2015.

Table 5: Business Rate Retention	Original	Projection	Actual
	£m	£m	£m
Baseline	(154.587)	(158.078)	(158.111)
Increase in excess of baseline		(3.489)	(3.524)
Less Government share (50%)		1.745	1.762
Less GMFRA share (1%)		0.035	0.035
= Trafford share		(1.709)	(1.727)
Less Levy @ 50%		0.854	0.864
Amount retained (24.5%)		(0.855)	(0.863)
S31 Grant (net of levy) & renewable energy income		(0.844)	(0.918)

15. Section 31 grants have been received by the Council to compensate for the loss in income due to the Government's decision to extend Small Business Rate Relief/Retail Relief Discount schemes. Including retained income from renewable energy schemes, this totals £(0.918)m (net of any levy payable to

the Government) compared to previous projection of £(0.844)m, an increase of £(0.074)m due to higher than anticipated take-up of these discounts. These grants are included in the outturn figures for 2014/15.

Reserves

16. The table below shows the balance on the General Reserve at 31 March 2015 and also includes for the future commitments agreed by Council on 18 February 2015 as part of the 2015/16 Budget, and adjustments made as a consequence of the end of year accounts process. The balance at year end is £(7.871)m. After taking into account future plans the uncommitted balance is £(6.7)m, £(0.7)m above the agreed minimum level of £(6.0)m:

Table 6 : 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
- Adult Services budget in-year underspend	(1,067)*
- Support to help deliver future CFW savings (agreed by Executive 1 December 2014)	500
- Support for Better Care Fund (subject to approval, see paragraph 17)	400
- Planned use for one-off projects 2014/15	22
- Council-wide budgets underspend	(2,605)
- 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	(7,871)
- Planned use for 2015/16 Budget (agreed at Council 18 February 2015)	1,000
- Planned use for one-off projects 2015/16	200
Estimated Balance 31 March 2016	(6,671)

* The additional support for Children, Families & Wellbeing agreed at Council on 17 September 2014 as part of the 2014/15 revenue budget re-alignment report included a temporary budget increase of £1.582m. It is proposed that the in-year saving within this budget of £(1.067)m be used to reduce the commitment on the General Reserve previously agreed above.

17. The Better Care Fund is an initiative of the previous government and it is a pooled budget between the Council and Trafford Clinical Commissioning Group (CCG). Its aim is to transform local services to ensure that people receive better and more integrated care and support. The fund came into place in April 2015 and the release of an element of the fund is conditional upon performance, in particular with regard to the number of non-elective admissions to hospital. This risk is shared 30% Council and 70% CCG. It is recommended that the Council earmarks £400k for its share of the risk on non-elective

admissions. Performance of the fund will be included in budget monitoring reports during the course of the year.

18. Service balances brought forward from 2013/14 were a net £(0.982)m. After the pre-audited outturn for the year, there is a net surplus of £(3.641)m to be carried forward to 2015/16 (Table 7). This includes the write down of the LD Pool deficit against the General Reserve, agreed at the Council meeting on 18 February 2015,

Table 7: Service balances	b/f April 2014 (£000's)	Movement in-year (£000's)	Year-end Balance (£000's)
Communities, Families & Wellbeing	(871)	469	(402)
Economic Growth, Environment & Infrastructure	(1,155)	(583)	(1,738)
Transformation & Resources	(1,978)	477	(1,501)
Total All Services (Surplus)/Deficit	(4,004)	363	(3,641)
Learning Disability Pool (a)	3,022	(3,022)	-
Total (Surplus)/Deficit	(982)	(2,659)	(3,641)

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

19. It is recommended that:
- the pre audited outturn be noted;
 - the £(1.067)m underspend in Children, Families & Wellbeing is transferred to the General Reserve
 - an earmarked reserve of £400k is established in respect of the Better Care Fund;
 - the General Reserve and Collection Fund balances and commitments are noted and confirmed.

TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team
 Date: 21st May 2015
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title:

Revenue Budget Monitoring 2014/15 – Draft Outturn Report (1st April 2014 to 31st March 2015).

1 Outturn

- 1.1 This is the final 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 £83.759m, which represents an underspend of £(1.067)m against the re-aligned budget (1.26%).
- 1.3 There is a favourable movement in Adult Social Services from period 11 to Outturn of £(481)k. The improvement in the position is made up of an improvement in the client costs of £(310)k and other movements of £(171)k.
- 1.4 Movements in respect of client costs are due to:
- An increase in the direct payments clawback across all client groups £(114)k;
 - Further release of Resilience funding of £(200)k, which was retained at Month 11 in anticipation of further costs;
 - Additional Continuing Health Care income £(121)k;
 - Saving on transition costs of £(101)k from savings in high cost packages
 - Additional doubtful debt provision of £386k;
 - Reduction in client costs from Month 11 to outturn £(160)k due to impact of Panel process and early impact of savings initiatives.
- 1.5 Movements in respect of other areas are:
- Reduced spend on Telecare in anticipation of new arrangements being introduced £(41)k;
 - Increase in Adaptations income from previous projection due to impact of remedial action £(40)k;
 - Reduced spend on Network agency relating to 24 hour supported living service £(30)k;
 - Other net changes £(60)k favourable.
- 1.6 The outturn also includes an improvement of the position in Children Services of £(271)k which is mainly as a result of reduced placement costs in Children's Social Care. There are more details about the reasons for these movements later in the report.

2 Explanation of Variances

Children's Services

2.1 The overall adverse variance for Children's Services is £0.337m and is summarised below.

2.2 **Children's Social Services (Including Children with Complex Needs) - £1.081m adverse variation from budget.**

1. £603k adverse variance on client care packages of which £358k relates to increased numbers and £245k increase in unit costs:

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross	Variance Service Users	Variance Gross
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,068	90	0.4	4,066	74	0.0	-16
External Children's Homes	4.6	3,342	796	7.4	3,315	1,274	2.8	478
Agency foster care	29.8	842	1,307	35.2	850	1,556	5.4	249
In-house foster care	97.4	270	1,373	91.0	295	1,395	-6.5	22
Family and friend foster care	109.6	180	1,031	108.5	193	1,091	-1.1	60
Asylum seekers	1.7	272	24	1.2	-112	-7	-0.5	-31
Special Guardianship	33.0	159	274	28.0	155	226	-5.0	-48
Assisted Residence Allowances	26.0	96	130	22.0	110	126	-4.0	-4
Aftercare	n/a		347	n/a		531	n/a	184
Supported Lodges	n/a		255	n/a		222	n/a	-33
Youth Homeless	n/a		185	n/a		169	n/a	-16
Stay in Care Placements	n/a		70	n/a		0	n/a	-70
Adoption	20.0		976	11.0		703	-9.0	-273
CAN respite	2.6	1,674	227	2.6	1,820	246	0	19
CAN long term care	3.4	2,448	434	4.1	2,712	574	0.7	140
CAN Home from Home	n/a		239	n/a		184	n/a	-55
CAN Direct payments/personalisation	n/a		376	n/a		373	n/a	-3
Total			8,134			8,737		603

2. £319k shortfall in income, most of which relates to adoption income of £370k;
3. £56k adverse variance on running costs;
4. Staff vacancies of £(121)k and an adverse variance of £124k 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.

2.3 Other variances within Children's Services include:

**Children's Staff management of vacancies – favourable variance
£(0.520)m**

There is a favourable variance of £(520)k in relation to the management of staff vacancies across all of Children's Services (of which £(121)k is included in Children's Social Services above).

**Children's Terms and Conditions savings unachieved – adverse variance
£0.220m**

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; £124k is included in Children's Social Services above.

**Children's Education Early Years additional income - favourable variance
£(0.194)m**

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

Home To School Transport – favourable variance £(0.249)m

The new contractual arrangements for the 2014/15 academic year are projected to save an additional £(249)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 - adverse variance £0.002m.

There are adverse variances totalling £2k in relation to running costs across all children's services.

Adult Services

2.4 There is a variation of £(1.404)m compared to the budget of £55.482m.

1. Base budget and additional in year savings not achieved (See Appendix 2 Adults, excluding vacancy management) - £191k 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 £224k adverse;
3. In year savings of £(404)k due to vacant posts, particularly within Older People's Services (£110)k, Mental Health £(63)k, Physical Disabilities £(22)k, LD Day Care and Reablement £(88)k, Public Health £(82)k and other services £(43)k;
4. A one-off saving of £(185)k as a result of the clawback of funding on a carers contract;
5. A £(500)k favourable variance due to a full release of the resilience budget provision for care packages;
6. The release of £(1,600)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 saving released following the start of the new school year as final decisions are made regarding which students remain in education;

7. £886k increase in the provision for outstanding debts following a high level review of current and historical debt;
8. Adverse variation of £60k on Adaptations due to reduced fee income, in line with capital programme spend;
9. Adverse variation of £110k on Integrated Community Equipment Services (ICES) due to increased demand for equipment;
10. Reduced telecare costs £(156)k favourable, due to capitalisation of £100k spend and reduced activity pending introduction of new arrangements for Telecare;
11. LD transport charges from Children Services due to increased activity - £34k adverse;
12. Other variances across all service areas £(64)k favourable.

Public Health

- 2.5 There is a nil variance from budget because the Public Health budget is funded through a ring-fenced grant. Any underspend against this grant in the current year will be carried forward to 2015/16. The projected variations relating to Public Health are set out and explained in detail in Appendix 1. This will leave a current unallocated grant balance of £803k for which proposals will be brought forward to support Public Health priorities.

3. Savings

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 final position in respect of savings delivered compared to the original forecasts.

Of the 34 savings proposals a total of 31 are in line or over-achieved and three schemes have under-achieved in relation to target. The main variances relating to the net shortfall of £494k are:

1. Children in Care placements - £245k 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 £(249)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 £(3.296)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 15 are expected to be in line or over-achieving target and the remaining 3 schemes a shortfall, resulting in a net surplus of £(0.726)m as follows:

1. Area Family Support team - £(18)k over achievement
2. Voluntary & Community Sector – £21k underachievement
3. LD Contract negotiations - £66k underachievement
4. LD Ordinary Residence - £(22)k overachievement
5. LD Acceleration of tenders - £(60)k overachievement
6. LD Other schemes - £2k underachievement
7. Vacancy Management - the in-year vacancy management saving is £(924)k, of which it was assumed that £(209)k would be achieved in year as part of the budget realignment. This savings target has been overachieved by £(715)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 was carried out and a sum of £500k was included in recent monitoring reports to be set aside for potential non-collection of debts; this was in addition to the sum of £404k which is already earmarked from previous years. A further review at year end highlighted that it would be prudent to set aside an additional provision of £386k for outstanding debt, which brings the cumulative provision to £1,290k against an overall historical outstanding debt of £3.565m.

Putting this in context, total bills of £85m have been raised since 2005 and therefore the earmarked provision is equivalent to 1.52% 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 final report of the financial year based on client activity for the year.

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. The following table sets out the number and average weekly unit cost of “live” cases which form the basis of current forecast expenditure, based on last available information produced at the end of February 2015:

	Re-aligned 2014/15 Budget			Outturn			Variance		
Service	Service Users	Average weekly cost	Gross Budget	Current Service Users	Average weekly cost	Gross Forecast	Service Users	Weekly cost	Gross
	No.	£	(£000's)	No.	£	(£000's)	No.	£	(£000's)
Older People									
Domiciliary Care	855	156.33	7,096	829	150.98	6,815	(26)	(5.35)	(281)
Direct Payments	155	178.42	1,669	145	172.76	1,671	(10)	(5.66)	2
Residential/Nursing	571	471.06	14,222	537	473.48	14,250	(34)	2.42	28
Physical Disability									
Domiciliary Care	143	178.98	1,212	125	185.91	1,144	(18)	6.93	(68)
Direct Payments	189	220.12	2,270	175	221.29	2,310	(14)	1.17	40
Residential/Nursing	30	656.50	947	28	667.04	959	(2)	10.54	12
Learning Disability									
Day Care	30	265.06	407	33	257.76	413	3	(7.30)	6
Domiciliary Care	49	293.85	799	46	278.36	728	(3)	(15.49)	(71)
Direct Payments	254	297.47	4,220	249	301.20	4,390	(5)	3.73	170
Residential/Nursing	74	1,330.10	4,166	65	1331.91	3,927	(9)	1.81	(239)
Supported Living	88	992.47	4,287	89	988.76	4,497	1	(3.71)	210
Mental Health									
Domiciliary Care	46	121.01	244	45	109.51	242	(1)	(11.50)	(2)
Direct Payments	30	122.65	209	29	124.98	217	(1)	2.33	8
Residential/Nursing	39	561.39	1,135	38	584.51	1,170	(1)	23.12	35
Supported Living	19	1,298.06	1,092	24	1,171.59	1,158	5	(126.47)	66
Total			43,975			43,891			(84)

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:

- Clawback on Direct Payments of £(964)k based on total receipts in 2014/15. The current forecast is in excess of the actual clawback figure in 2013/14 of £(837)k.
- A 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. The full £500k provision has been released and the benefit is reflected in the outturn figures.

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 (Note 1)		(468)	-
Troubled Families Commitments 15-16		468	
Specific commitments in 2014/15 (Note 2)	750	469	
LD Pool Deficit Reserve Write Down (agreed Council 18 February 2015)			(3,022)
Outturn 2014/15 (Note 3)	701	0	
	(1,326)	(402)	0
Specific Commitments Slipped into 2015/16 (Note 2)		197	
	(1,326)	(205)	0

Notes

1. 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.

2. Specific commitments that have been made from historical reserves are detailed in the table below:-

	2014/15 Reserves commit- ments £000	2015/16 Commit- ments £'000	Description
Adoption Reform Grant	108	0	The time delay in appointing grant funded posts
NW Champions / Outcome star	13	0	Income received in 2013/14 held on behalf of external Partners
View Point	7	7	Three year contract 2013/14 to 2015/16
CIB Best Practice Network	0	27	Income received in 2012/13 on behalf of external Partners
Youth Service Trading Accounts	185	94	Underspends on specific traded services. In 2015/16 there are only two specific projects.
YOS Projects	114	24	Slippage on 14/15 12 month projects
Domestic Abuse	7	0	
YOS IT System	35	20	Allocated over three years 2014/15 - 2016/17
Multi Systemic Therapy	0	25	MST National licence fee 2015/16
Total	469	197	

3. The total CFW net underspend of £(1.067)m will be used to reduce the commitment on the General Reserve previously agreed at Council on 17 September 2014.

6. Management Action during the year

6.1 The re-aligned CFW budget was dependent on the delivery of additional in-year savings of £(2.5)m. Further detail on the achievement against this target is included at Appendix 2.

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 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.

The approach will continue to be refined to take account of the impact of new national reporting requirements under the Zero Based Review and the new client and financial systems Liquid Logic / Controcc.

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 12 Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	Forecast Outturn (£000's)	Outturn variance (£000's)	P11 Outturn variance (£000's)	Period Movement (£000's)	Ref
Children's Services Portfolio – DSG Element						
Dedicated Schools Grant	0	701	701	782	(81)	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(701)	(701)	(782)	81	CFW1
Sub-total – DSG	0	0	0	0	0	
Children's Services Portfolio – Non DSG Element						
Education Early Years' Service	6,377	5,959	(418)	(470)	52	CFW3
Children's Social Services	15,225	16,381	1,156	1,341	(185)	CFW2
Children with Complex & Additional Needs	1,943	1,868	(75)	14	(89)	CFW2
Commissioning	1,687	1,505	(182)	(153)	(29)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,491	1,443	(48)	(43)	(5)	CFW3
Youth Offending Service	360	360	0	0	0	CFW3
Children's Centres	1,828	1,683	(145)	(110)	(35)	CFW3
Youth Service	1,301	1,350	49	29	20	CFW3
Sub-total – Children's Services	30,212	30,549	337	608	(271)	
CFW Children's Total	30,212	30,549	337	608	(271)	

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	Forecast Outturn (£000's)	Outturn variance (£000's)	P11 Outturn variance (£000's)	Period Movement (£000's)	Ref
Adult Social Services Portfolio						
Older People	20,439	21,277	838	(134)	972	CFW4
Physical Disabilities	4,963	4,923	(40)	(141)	101	CFW5
Equipment & Adaptations	1,004	1,113	109	98	11	CFW6
Mental Health	3,612	3,330	(282)	(8)	(274)	CFW7
Other Adult Services	854	1,033	179	185	(6)	CFW8
Strategic & Support Services	967	927	(40)	(21)	(19)	
Adaptations	(64)	(4)	60	100	(40)	CFW9
Housing Services (Supporting People)	630	633	3	(1)	4	
Community Services (Drugs and Alcohol, Dom Abuse)	230	226	(4)	(4)	0	
Equalities & Diversity	145	147	2	4	(2)	
Sub-total	32,780	33,605	825	78	747	
Learning Disabilities Pooled Fund	22,702	20,473	(2,229)	(1,001)	(1,228)	CFW10
CFW Adults Total	55,482	54,078	(1,404)	(923)	(481)	
Community Health & Wellbeing Portfolio						
Public Health	(868)	(868)	0	0	0	CFW11
CFW Public Health Total	(868)	(868)	0	0	0	
CFW Total	84,826	83,759	(1,067)	(315)	(752)	

Business Reason / Area (Subjective analysis)	Outturn Variance (£000's)	P11 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Children's				
Management of staff vacancies	(520)	(411)	(109)	CFW3
Transport Costs	(249)	(252)	3	CFW3
Client Need	358	467	(109)	CFW2
2014/15 Savings not achieved	565	585	(20)	CFW3
Other running costs	58	(27)	85	CFW3
Income	125	246	(121)	CFW2,3
Total Children's	337	608	(271)	
Adults				
Management of staff vacancies	(404)	(444)	40	CFW 4,5,7,8,10,11
Transport Costs	45	72	(27)	CFW 4,5,8,10
Client Need	(2,222)	(1,435)	(787)	CFW 4,6,7,10
Reduction in Grant Income	0	0	0	
2014/15 Savings not achieved	222	232	(10)	CFW 4,8,10
Other running costs	756	574	182	CFW 4,5,6,7,10,11
Other Income	199	78	121	CFW 4,7,8,9 10,11
Total Adults	(1,404)	(923)	(481)	
Public Health	0	0	0	CFW 11
Total CFW	(1,067)	(315)	(752)	

NOTES ON VARIANCES

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 overspend on SEN of £644k, an overspend on Early Years of £218k, an underspend on Redundancy of £(111)k and an underspend on Maternity of £(50)k. This leaves a year end reserve of £(1,326)k. Schools reserves as at 31st March 2015 are £9.2m (these are shown at Appendix 3).

CFW2 – Children’s Social Services (Including CAN) - £1,081k adverse variance

- There is an overspend of £603k, on client care packages of which £358k relates to increased numbers and £245k increase in unit costs. This is a decrease of £(129)k 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 £470k. £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 £370k shortfall in adoption income causing a total pressure of £470k 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, an increase in Continuing Health Care income of £(123)k, support costs relating to foster carers £55k, staff management £(121)k and £124k for not achieving the Terms and Conditions saving, other minor variances £(14)k.

CFW3 - Various

Children’s various Vacancy Management - £(520)k favourable

- There are vacancy management savings amounting to £(520)k across all Children’s Services, this includes Children’s Social Care of £(121)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 exemptions required in critical front line services (£124k already included in Children’s Social Services CFW2 above).

Children’s Home To School Transport - £(249)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 - £(194)k favourable

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

Running Costs Across Children's Services - £2k adverse

- There are various favourable variances for running costs across Children's services which total £2k.

ADULT SOCIAL SERVICES

CFW4 – Older People £838k adverse

Vacancy management - £(110)k favourable:

- Commissioning management £(65)k favourable and Reablement £(139)k favourable and care management £94k adverse - vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

Client Need- £431k adverse:

- Adverse movement in External placements £826k;
- One-off efficiency saving due to the clawback of funding on a carers contract £(185)k;
- Contracts now included as part of Level 1 costs £(210)k.

Savings not achieved- £1k adverse:

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

Transport - £(21)k favourable:

- Underspend on reablement transport.

Other running costs- £236k adverse:

- Additional cost of reablement services £173k;
- Additional costs for Ascot House offset by winter pressures funding £76k;
- Other minor variances within other Older People budgets £(13)k.

Other Income - £302k adverse:

- £500k increase in the provision for doubtful debts following a high level review of current and historical debt outstanding Care Act and winter pressures funding £(144)k;
- Ascot House income £(54)k.

CFW5 – Physical Disabilities - £(40)k favourable

Vacancy Management - £(22)k favourable

- PD Reablement part offset by additional staffing in Direct Payments.

Client Need - £118k adverse

- Net change in client spend on external placements across PD.

Transport - £29k adverse

- Additional spend on PD Reablement.

Other Running Costs - £(167)k favourable

- Reduced spend on telecare due to capitalisation of costs and reduced activity pending introduction of new approach.

Other Costs - £2k adverse

- Other minor variations.

CFW6 – Equipment & Adaptations £109k adverse

Client Need - £112k adverse

- ICES – Increased demand for equipment.

Other running costs - £(3)k favourable

- ICES - Minor variations in other running costs.

CFW7 – Mental Health £(282)k favourable

Vacancy management - £(63)k favourable

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

Client Need- £(237)k favourable:

- Contract ceased (Floating Support) – service no longer required £(47)k;
- Changes in client need and some MH actual costs included under Older People due to new Zero Based Review (ZBR) reporting changes £(190)k.

Other running costs- £18k adverse:

- Minor variances within other Mental Health budgets.

CFW8 - Other Adult Services £179k adverse

Vacancy management - £(41)k favourable

- Benefits Advice £(41)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

Transport Costs - £4k adverse:

- Variation in number and cost of routes.

Other running costs- £239k adverse:

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £224k;
- Healthwatch costs (offset by additional income – see other income variance below) £46k;
- 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.

CFW9 – Adaptations – £60k adverse**Employee costs - £5k adverse**

- Additional employee costs £5k.

Other income – £55k adverse

- Reductions in fee income in line with reduced adaptations capital programme spend.

CFW10 – LD Pooled Fund – £(2,229)k favourable**Vacancy management - £(88)k favourable:**

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

Client Need- £(2,295)k favourable:

- Release of £(1,600)k of the provision for additional costs arising as children transition into Adult Services between the ages of 18-25. This is a saving released following the start of the new school year as final decisions are made regarding which students remain in Education;
- Reduction in client need as reflected in Level 1 outturn placement analysis and transfer of costs to Older People in response to new ZBR reporting requirements £(656)k favourable;
- Other net variations in client need £(39)k favourable.

Savings not achieved- £186k adverse:

- Terms and conditions savings not achieved due to the number of exemptions relating to the delivery of critical front line services.

Transport - £26k adverse

- Additional recharge from CYPS in respect of adults in Education, less LD reablement saving.

Other running costs- £(76)k favourable:

- Other variances across a range of Learning Disability budgets.

Income- £19k adverse:

- Reduction in income associated with in-house Supported Living services.

CFW11 - Public Health – nil variance**Vacancy management - £(82)k favourable:**

- Public Health Leaders - £(51)k favourable – vacancies and savings against posts budgeted at top of grade;
- Health Improvement - £(42)k favourable – vacancy management;
- Other Public Health staffing variations - £11k adverse.

Other contract and service savings- £(721)k favourable:

- Due to lower demand than budget for activity led budgets across a range of Public Health services and contracts as follows;
 - Drug and Alcohol Misuse - £(169)k favourable - drug costs, community services and residential services;
 - Tobacco - £(107)k favourable – Nicotine Replacement Therapy vouchers and smoking cessation community services;
 - Dental Public Health £(97)k favourable;
 - NHS Health Check - £(187)k favourable - health checks;
 - Sexual Health - £(178)k favourable - chlamydia screening, GUM services and contraception;
 - Other variations - £17k adverse.

Other running costs- £803k adverse:

- Unspent grant in 2014/15 of £803k across a range of Public Health budgets (see above) carried forward to 2015/16 to support Public Health priorities.

Appendix 2

CFW Base Budget Savings 2014/15		Note	2014/15 Budget (£000's)	Out-turn Saving (£000's)	Variance (£000's)
Children in Care Placements	CYPS	1	(480)	(235)	245
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)	(105)	(5)
Home To School Transport	CYPS	2	(100)	(349)	(249)
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)	(40)	(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)	(6,896)	494

* Represents a reduction in expenditure budgets for care services. Therefore savings assumed achieved as expenditure in care was kept within the net budget for care.

CFW In Year Budget Savings 2014/15		Note	2014/15 Target (£000's)	Assumed in rebased Budget (£000's)	Outturn Saving (£000's)	Variance (£000's)
Music Service	CYPS		(5)	(5)	(5)	-
Early Help Framework	CYPS		(66)	(66)	(66)	-
Complaints and Governance	CYPS	6	(5)	(4)	(5)	(1)
Stronger Families	CYPS		(250)	(250)	(250)	-
Area Family Support Team	CYPS	1	(36)	(18)	(36)	(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	2	(80)	(80)	(59)	21
LD – Contract Negotiations	Adults	3	(150)	(75)	(9)	66
LD – Acceleration of Tenders	Adults	5	(490)	(245)	(305)	(60)
LD – Ordinary Residence	Adults	4	(150)	(75)	(97)	(22)
LD – Ordinary Residence – Brokering Supported Living	Adults		(7)	(4)	(4)	-
LD – Care Packages	Adults		(9)	(9)	(9)	-
LD – Development Fund	Adults		(13)	(13)	(13)	-
LD – Void Management	Adults	6	(17)	(9)	(6)	3
Better Care Fund	Adults		(788)	(788)	(788)	-
Vacancy Management	All	7	(580)	(209)	(924)	(715)
			(3,296)	(2,500)	(3,226)	(726)

Schools Reserve Balances as at 31st March 2015

School	Opening Reserve £	Budget 15-16 £	Total Reserves £	% of Budget
Navigation Primary	110,896	1,422,149	57,943	4.07%
Oldfield Brow Primary	95,164	975,942	143,771	14.73%
Stamford Park Junior	154,573	934,514	158,050	16.91%
Stamford Park Infant	55,454	869,774	91,756	10.55%
Heyes Lane Primary School	20,681	2,253,901	57,131	2.53%
Broadheath Primary	-117	1,244,054	72,862	5.86%
Broomwood Primary	135,996	1,504,312	193,104	12.84%
Well Green Primary	78,627	860,027	45,801	5.33%
Willows Primary	95,270	850,258	130,569	15.36%
Cloverlea Primary	75,662	854,625	69,527	8.14%
Bollin Primary	239,292	1,649,138	352,828	21.39%
Springfield Primary	105,834	1,609,243	99,412	6.18%
Woodheys Primary	18,978	1,521,543	27,510	1.81%
Worthington Primary	167,339	1,204,975	174,158	14.45%
Brooklands Primary	72,605	1,671,276	59,748	3.57%
Firs Primary	46,185	1,510,507	15,350	1.02%
Wellfield Junior	102,082	992,168	122,662	12.36%
Partington Primary	857,061	2,199,439	452,783	20.59%
Moorlands Junior	72,125	994,764	148,055	14.88%
Templemoor Infant	53,485	817,015	77,463	9.48%
Wellfield Infant & Nursery	35,034	909,518	62,779	6.90%
Urmston Junior	45,428	970,548	56,310	5.80%
Urmston Infant	51,903	883,715	97,681	11.05%
Davyhulme Primary	183,107	1,871,944	182,363	9.74%
Flixton Junior	2,367	885,234	19,360	2.19%
Flixton Infant	9,188	796,870	29,453	3.70%
Barton Clough Primary	87,138	1,310,864	140	0.01%
Gorse Hill Primary	95,224	1,589,159	82,318	5.18%
King's Road Primary	129,651	2,119,293	124,082	5.85%
Moss Park Junior	150,178	991,517	156,196	15.75%
Moss Park Infant	92,491	890,967	72,715	8.16%
Seymour Park Community Primary	96,879	2,782,626	146,293	5.26%
Victoria Park Junior	94,805	1,074,773	112,309	10.45%
Victoria Park Infant	64,255	972,996	71,857	7.39%
Highfield Primary	53,910	1,068,621	35,296	3.30%
Woodhouse Primary	93,455	858,362	72,650	8.46%
Kingsway Primary	119,378	875,845	202,027	23.07%
Tyntesfield Primary	129,987	1,418,972	130,281	9.18%
Bowdon C.E. Primary	138,425	1,395,169	149,491	10.71%
St. Hugh's Catholic Primary	36,157	2,141,244	48,841	2.28%
Altrincham C.E. Primary	-4,400	1,101,137	-1,697	-0.15%
St. Anne's C.E. Primary	54,682	827,238	68,705	8.31%
St. Mary's C.E. Primary (Sale)	68,681	1,023,357	100,610	9.83%
Holy Family Catholic Primary	171,271	844,717	83,153	9.84%
Our Lady of Lourdes Catholic Primary	80,056	1,019,654	46,341	4.54%
All Saints' Catholic Primary	106,452	842,172	137,252	16.30%
St. Mary's C.E. Primary (Davyhulme)	10,543	766,652	37,959	4.95%
St. Michael's C.E. Primary	31,885	836,481	35,858	4.29%
St. Hilda's C.E. Primary	5,889	1,374,254	12,900	0.94%

School	Opening Reserve £	Budget 15-16 £	Total Reserves £	% of Budget
St. Matthews C.E. Primary	49,566	1,032,991	32,491	3.15%
English Martyrs' R.C. Primary	103,347	860,748	108,573	12.61%
St. Hugh of Lincoln R.C. Primary	152,183	1,116,672	183,934	16.47%
St. Ann's R.C. Primary	118,436	1,626,726	93,791	5.77%
St. Alphonsus R.C. Primary	212,649	1,195,958	250,184	20.92%
St. Teresa's R.C. Primary	39,068	996,058	8,116	0.81%
St. Monica's R.C. Primary	66,220	1,205,350	137,709	11.42%
Our Lady Of the Rosary R.C. Primary	85,109	738,107	94,500	12.80%
St. Margaret Ward Catholic Primary	105,366	1,045,867	139,195	13.31%
St. Joseph's Catholic Primary	44	1,456,656	59,017	4.05%
St. Vincent's R C Primary School	64,327	2,000,899	118,203	5.91%
Sale High School	468,764	3,934,675	597,220	15.18%
Lostock College	447,791	2,433,200	329,785	13.55%
Blessed Thomas Holford Catholic High	48,539	5,388,375	-81,466	-1.51%
Stretford Grammar	739,884	3,929,501	510,361	12.99%
Stretford High CLCollege	589,278	5,443,714	502,144	9.22%
St. Antony's Catholic College	161,426	3,574,763	-80,336	-2.25%
Pictor School	220,964	2,369,699	231,263	9.76%
Brentwood School	1,200,219	2,273,709	814,809	35.84%
Longford Park School	117,506	1,069,793	84,625	7.91%
Delamere School	37,733	1,640,474	42,318	2.58%
Manor High School	57,551	2,277,142	67,691	2.97%
Egerton School	26,136	980,156	63,421	6.47%
TOTALS	9,903,318	108,974,756	9,231,554	8.47%

TRAFFORD MBC

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

Date: 14 May 2015

Report for: Discussion

Report author: Finance Manager

Report Title**Revenue Budget Outturn 2014/15****1. Outturn and Key Period Movements**

- 1.1 The approved revenue budget for the year is £33.492m. The forecast outturn is £32.292m, which is £(1.200)m under the approved budget. This is a net favourable movement of £(0.341)m from the last report.
- 1.2 The key period movements relate to a reduction in the waste disposal levy overspend as advised by the GM Waste Disposal Authority (GMWDA) £(0.034)m, additional income from planning applications £(0.034)m, outdoor media advertising £(0.036)m, parking £(0.063)m and bulky and commercial waste £(0.026)m, lower fee income from capital schemes £0.083m, reduction in running costs in highways, property and waste collection £(0.208)m, and a net favourable movement in staffing/running costs across all other services £(0.023)m.
- 1.3 The balance on the EGEI Reserve after the outturn, transfers and known commitments is £(1.252)m. This will be utilised for one-off budget pressures in 2015/16, if necessary, and also to support initiatives to protect services and deliver efficiencies and income generation going forward.

2. Summary of Variances for the Year

- 2.1 The overall underspend of £(1.200)m has been achieved against a background of significant financial challenges for the Directorate throughout the year. This includes the achievement of approved budget savings of £(3.153)m and the successful management of a number of in-year budget pressures. These pressures include re-phased budget savings in Enforcement, Groundforce and Highways £0.135k, increased energy costs in street lighting and property £0.111m, waste disposal costs £0.046m, plus income shortfalls in building control £0.106m and Green Deal £0.038m.
- 2.2 The Directorate has been able to mitigate these pressures in full through additional income streams and active cost management. This includes one-off income from Oakfield Road car park £(0.138)m and investment properties £(0.196)m, plus additional income from other parking £(0.149)m, planning £(0.273)m, Highways GMRAPs £(0.105)m, outdoor media £(0.036)m and bulky/commercial waste £(0.024)m. There has been contract/other running cost savings in waste management £(0.190)m, parking services £(0.071)m, highways, property and Groundforce £(0.196)m, plus reduced senior management costs from restructuring £(0.133)m and other vacancy savings across the Directorate of £(0.125)m.

2.3 All variances are reviewed and where appropriate incorporated in the Directorate medium term financial plan both in terms of any potential on-going budget pressure, but also the ability to achieve sustainable additional income or cost savings. Details of the variances and key movements are shown in Appendix 1.

3. Reserves

- 3.1 At the start of 2014/15 the Directorate had brought forward balances of £(1.155)m from previous years. Of this £(0.215)m related to re-phased economic regeneration projects which has now been transferred to an earmarked Economic Growth reserve.
- 3.2 After spending and further transfers in 2014/15, the Economic Growth reserve balance at 31 March 2015 is £(0.444)m. This will be utilised to support economic development activities which lead to growth and investment in the borough over numerous financial years.
- 3.3 In addition to the above, traded services (Catering and Cleaning) have a balance of £(0.302)m carried forward to 2015/16. This reflects that the business is managed across academic years rather than financial years, and also provides for re-investment in the service (e.g. systems, equipment, appliances in schools etc.) to further improve efficiency and generate future business growth.
- 3.4 The remaining balance on the EGEI Directorate Reserve after the outturn for 2014/15, future known commitments and re-phasing of projects is £(1.252)m (table below). The EGEI Reserve will be utilised on initiatives to generate future savings and income generation to support service provision within the on-going revenue budget constraints. In addition, there may be some acceleration of one-off costs (e.g. stock write offs) associated with mobilisation of the joint venture contract for environmental, highways and property services, which will commence on 4th July 2015. The reserve may also be required for other one-off budget pressures arising during the year.

Utilisation of EGEI 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)
Transfer to Economic Growth Reserve 1 April 2014	215
Spend in 2014/15	448
Transfer from Waste Levy Reserve re 2014/15	(46)
Period 12 outturn 2014/15 (favourable)	(1,200)
EGEI Reserve Balance 31 March 2015	(1,738)
Commitments on future projects or one-off spend	486
EGEI Reserve Balance after known commitments	(1,252)

4. Savings

- 4.1 The approved Directorate budget for 2014/15 includes 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 Savings	(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 mitigated in full from management action and other favourable variances across the Directorate. 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. Recommendations

- 5.1 It is recommended that the outturn underspend of £(1.200)m be noted.

Period 12 Outturn revenue expenditure and income variances.

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

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P12 Outturn (£000's)	P12 Outturn Variance (£000's)	P11 Forecast Variance (£000's)	Period Movement (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	5,151	5,110	(41)	67	(108)	EGEI1
School Crossing Patrols	509	443	(66)	(60)	(6)	EGEI2
Parking Services	(337)	(695)	(358)	(254)	(104)	EGEI3
Groundforce	4,144	4,111	(33)	(28)	(5)	EGEI4
Bereavement Services	(1,090)	(1,083)	7	5	2	
Sustainability & Greenspace	359	320	(39)	(37)	(2)	
Waste Management (incl. WDA levy)	18,979	18,809	(170)	(70)	(100)	EGEI5
Public Protection	602	597	(5)	12	(17)	
Environmental Enforcement	89	154	65	65	0	EGEI6
Directorate Strategy & Business Support	259	126	(133)	(136)	3	EGEI7
Sub-total Environment & Operations Portfolio	28,665	27,892	(773)	(436)	(337)	
Property and Development	2,671	2,406	(265)	(244)	(21)	EGEI8
Planning & Building Control	(119)	(232)	(113)	(108)	(5)	EGEI9
Strategic Planning & Development	533	525	(8)	(28)	20	
Economic Growth	759	704	(55)	(58)	3	EGEI10
Housing Strategy	596	610	14	15	(1)	EGEI11
Directorate Strategy & Business Support	459	459	0	0	0	
Sub-total Economic Growth & Planning Portfolio	4,899	4,472	(427)	(423)	(4)	
Operational Services for Education	(72)	(72)	0	0	0	EGEI12
Total Outturn Period 12	33,492	32,292	(1,200)	(859)	(341)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P12 Outturn Variance (£000's)	P11 Forecast Variance (£000's)	Period Movement (£000's)	Ref
Highways and Network Management				
Income shortfall, including moving traffic offences	13	57	(44)	
GMRAPs income above budget	(105)	(104)	(1)	
Capital fee income shortfall	96	17	79	
Staff vacancies	(21)	(25)	4	
Running costs including depot	(94)	32	(126)	
Energy – Street Lighting	70	90	(20)	
Sub-total	(41)	67	(108)	EGEI1
School Crossing Patrols - vacancies	(66)	(60)	(6)	EGEI2
Parking Services				
Additional income – Oakfield Road	(138)	(128)	(10)	
Income – other locations	(149)	(96)	(53)	
Staffing and running costs	(71)	(30)	(41)	
Sub-total	(358)	(254)	(104)	EGEI3
Groundforce				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs	(50)	(45)	(5)	
External income	(30)	(30)	0	
Sub-total	(33)	(28)	(5)	EGEI4
Bereavement Services				
Staffing and maintenance costs	(16)	18	(34)	
Income shortfall (surplus)	23	(13)	36	
Sub-total	7	5	2	
Sustainability & Greenspace				
Vacancy, supplies & services	(39)	(37)	(2)	
Waste Management				
Staffing and general running costs	(40)	0	(40)	
Additional bulky and commercial waste income	(26)	0	(26)	
GM Waste levy – additional green waste recycling	46	80	(34)	
Waste contract – one-off procurement saving	(150)	(150)	0	
Sub-total	(170)	(70)	(100)	EGEI5

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P12 Outturn Variance (£000's)	P11 Forecast Variance (£000's)	Period Movement (£000's)	Ref
Public Protection				
Staffing and running costs	(29)	(10)	(19)	
Income shortfalls	24	22	2	
Sub-total	(5)	12	(17)	
Environmental Enforcement				
Re-profiling of staff/equipment saving	58	58	0	
Running costs - vehicles	7	7	0	
Sub-total	65	65	0	EGEI6
Director & Business Support				
Staffing and Running costs	(133)	(136)	3	EGEI7
Sub-total Environment & Operations Portfolio	(773)	(436)	(337)	
Property and Development				
Investment Property Rental Income:				
- Stretford Arndale back rent for 2013/14	(67)	(67)	0	
- Urmston Town Centre – one-off surplus	(50)	(42)	(8)	
- Airport – surplus	(26)	(26)	0	
- Other properties - surplus	(53)	(55)	2	
Community buildings – income/running costs	(2)	10	(12)	
Admin Buildings running costs	(14)	(34)	20	
Facilities Management staffing vacancies	(19)	(42)	23	
Markets – one-off adjustment to cost recovery	29	29	0	
Other running cost variances	(6)	44	(50)	
Major projects capital fee income	(58)	(62)	4	
Sub-total	(266)	(245)	(21)	EGEI8
Planning & Building Control				
Planning applications income	(273)	(239)	(34)	
Building Control income shortfall	106	116	(10)	
Staffing including interim support	63	24	39	
Running costs	(9)	(9)	0	
Sub-total	(113)	(108)	(5)	EGEI9
Strategic Planning & Development				
Staffing/running costs savings	(8)	(28)	20	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P12 Outturn Variance (£000's)	P11 Forecast Variance (£000's)	Period Movement (£000's)	Ref
Economic Growth				
Staffing vacancies	(52)	(49)	(3)	
Other running costs	(22)	(28)	6	
Town centre advertising income	16	16	0	
Property referral fee website advertising income	3	3	0	
Sub-total	(55)	(58)	3	EGEI10
Housing Strategy				
Green Deal income re-phased implementation	38	38	0	
Staffing and running cost savings	(23)	(22)	(1)	
Sub-total	15	16	(1)	EGEI11
Sub-total Economic Growth & Planning Portfolio	(427)	(423)	(4)	
Total Outturn EGEI Period 12	(1,200)	(859)	(341)	

Summary Variance Analysis Period 12

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 11	154	(378)	7	(642)	(859)
Period 12	154	(425)	(224)	(705)	(1,200)
Period Movement	0	(47)	(231)	(63)	(341)

ADDITIONAL NOTES ON OUTTURN VARIANCES

EGEI1 – Highways & Network Management - £(0.041)m (favourable)

The approved budget for Highways includes an income generation saving of £(0.030)m 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 £(0.094)m less than budget over a number of service areas, which is a favourable movement of £(0.126)m since last reported. The movement includes the effect of finalising the allocation of highways and street lighting costs between revenue and capital schemes on individual works orders at year end.

Staffing is £(0.021)m underspent for the year due to vacancies.

There is additional income above budget of £(0.105)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14. This is the year end figure notified from TfGM.

Fee income from technical and consultancy work charged to capital schemes is £0.096m below budget due to the timing of capital works. This is £0.079m higher than last reported and reflects the year end position on capital spending.

Street Lighting energy costs £0.070m higher than budgeted reflecting usage volumes for the year and new contract prices from October 2014. This is £(0.020)m lower than last month. The new energy supplier bills from October were received in January 2015 and showed a 16.5% overall increase compared to the previous contract prices agreed in October 2013. Of the increase only 1.4% related to the Council's procurement of energy, with the remainder relating to increases in network, transmission and other charges from the National Grid.

The wholesale price of energy influences only around 50% of the Council's energy bill and, hence, very little of the increase in costs is due to procurement of energy. The majority is due to increases in transmission and distribution costs. Distribution Use of System Charges, passed on to us by the Distribution Network Operator, are unavoidable and charges for periods of peak demand have increased by 21% over the previous year. This pressure will continue into 2015/16 and increases have been provided in the Medium Term Financial Plan.

EGEI2 – School Crossing Patrols – £(0.066)m (favourable)

There is an underspend on staffing due to vacancies, which is £(0.006)m higher than last reported.

EGEI3 – Parking Services – £(0.358)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 income being £(0.138)m above budget, which has continued from last year.

Other car parking income is £(0.149)m above target, which is a favourable movement of £(0.053)m since last reported.

Running costs are £(0.071)m less than budgeted. This is a favourable movement of £(0.041)m since last reported and includes the final invoices relating to contract costs.

EGEI4 – Groundforce - £(0.033)m (favourable)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is a 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 earlier in the year.

Running costs are £(0.050)m less than budgeted mainly reflecting a reduction in plant and vehicles costs (including fuel). This is a favourable movement of £(0.005)m from last reported. One-off backdated income of £(0.039)m is also included in the outturn relating to rechargeable grounds maintenance works, as reported previously.

EGEI5 – Waste Management and Disposal - £(0.170)m (favourable)

Following final notifications from the Greater Manchester Waste Disposal Authority, there is an additional levy cost of £0.046m this year, a favourable movement of £(0.034)m since last reported. The additional levy cost is due to weather related increases in the overall tonnages of green waste being disposed, particularly in the early part of the financial year, and which has adversely affected most 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 a one-off saving of £(0.150)m.

Staffing and general running costs, including purchases of stock, are £(0.040)m less than budgeted. This underspend will be carried forward in the EGEI reserve as it may be required in the new financial year to help maintain recycling levels and reduce disposal costs. Following the year end billing process, additional income from bulky waste and commercial waste of £(0.026)m is reported in the outturn.

EGEI6 – Environmental Enforcement £0.065m (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 an 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 £0.007m are included in the outturn spend.

EGEI7 – Director & Business Support £(0.133)m (favourable)

The restructure of the previous ETO and EGP Directorates has led to a rationalisation of management costs which will deliver an on-going budget saving of £(0.086)m. There is an additional one-off underspend of £(0.047)m due to the timing of new starters and the filling of outstanding vacancies in the new structure.

EGEI8 – Property and Development - £(0.266)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 £(0.050)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 £(0.026)m above budget following notification from Manchester City Council of new rent levels. This includes an additional one-off payment recently received from Manchester.

Other let estate rental income is above budget across the property portfolio totalling £(0.053)m.

Improved efficiency in the Major Projects team has continued from the last financial year and fee income from capital and external projects is £(0.058)m higher than budgeted. This is an adverse movement of £0.004m since last reported.

Administrative building running costs are less than budgeted across the portfolio by £(0.014)m, and adverse movement of £0.020m since last reported. This includes a £(0.058)m underspend 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 – £(0.113)m (favourable)

Income from planning fees is £(0.034)m higher than last reported, giving an overall surplus of £(0.273)m. There is a shortfall in income from building control fees of £0.106m, a favourable movement of £(0.010)m. Mitigating action has been successful in reducing the trend of income shortfalls in building control during this financial year, and this action is continuing. Both fees are monitored regularly.

There is an overspend on staffing of £0.063m for the year, an increase of £0.034m from last reported. The overspend 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 £(0.009)m less than budget.

EGEI10 – Economic Growth Team – £(0.055)m (favourable)

There is an underspend of £(0.051)m in staffing and running costs of the Altrincham Town Team as service review and 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 shortfall of £0.003m.

EGEI11 – Housing Strategy – £0.015m (adverse)

There is a shortfall in income of £0.038m 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 £(0.023)m underspent.

EGEI12 – Operational Services for Education

This service area includes catering and cleaning services to schools, which are managed on a trading account basis. The introduction of universal free school meals for infant age children from September 2014 placed significant pressure on the catering service to invest in school kitchens, staff and equipment in order to meet the additional demand. This has also seen an increase in turnover which has offset the additional running costs. There is a net traded surplus at the end of March 2015 of £(0.302)m. However, the service manages its costs and income over school terms and academic years rather than financial years and any surplus at the end of March will be required to continue the investment in the service and in particular improve readiness for the new academic year in September 2015. This amount has therefore been carried over to 2015/16 in an earmarked reserve.

TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team
 Date: 28 May 2015
 Report for: Discussion
 Report author: Senior Accountant – Transformation & Resources

Revenue Budget Outturn 2014/15

1. Outturn and Key Period Movements

1.1 The current approved revenue budget for the year is £17.526m and the outturn is £16.891m, which is a £(0.635)m, or (3.6)%, underspend position. This represents a favourable movement of £(0.191)m since the last report which can be explained by the following key movements:

- Savings in barrister, court and other legal costs £(0.069)m
- Additional grant income in Exchequer Services £(0.054)m in respect of Counter Fraud Grant, NNDR administration income and extra liability order income.
- Under- utilisation of Safer, Stronger Communities funding in Partnerships and Communities of £(0.042)m.

1.2 At the start of 2014/15 the Directorate had brought forward reserve balances of £(1.978)m and during the year applied £1.112m on a number of reshaping Trafford projects and initiatives which support future efficiencies (see Para 4.1). The year-end balance is £(1.501)m including the in-year underspend of £(0.635)m.

2. Explanation of Variances**2.1 Legal and Democratic £(0.138)m:**

This mainly relates to additional income received by the Performance team in the form of Troubled Families Grant £(0.040)m for a Performance analyst and Data analyst and £(0.017)m from additional SLA income in respect of services provided to schools. There were also savings in employee costs on the Leadership Support team of £(0.061)m as a result of three vacancies, of which only one was backfilled by agency cover, pending a further restructuring exercise.

2.2 Access Trafford £0.044m

There was an overspend in respect of salary costs of £0.057m associated with library and contact centre staff. Across the T&R service area a vacancy factor equivalent to 3.5% of overall salaries is included in the budget to reflect that at any point in time it is very unlikely that a full complement of staff will be in post. Whilst savings in employee costs equivalent to the vacancy factor were achieved across T&R, an overspend occurred in Access Trafford due to the front line nature of the service and the need for vacancies to be filled quickly. These costs were partly mitigated by a £(0.013)m of additional income. The inclusion of a vacancy factor will be reviewed during 2015/16.

2.3 ICT £(0.061)m

During the year savings have been made totalling £(0.205)m on:

- staffing costs due to a number of unfilled vacancies of £(0.156)m;
- additional recharges to the capital programme in respect of new server development £(0.049)m.

These savings have been offset by additional expenditure of £0.144m including:

- SAP licence costs had to be continued due to the delay in implementing the new social care system £0.059m;
- voice and data ISDN to SIP switchover £0.067m;
- Other Software costs £0.018m.

2.4 Communications £(0.064)m

The Communications Team underwent a restructure during 2014/15 during which time the team carried a number of vacancies. This resulted in an underspend of salaries of £(0.096)m. In addition surplus income was achieved of £(0.023)m, including £(0.018)m from Clearwater for billboard advertising and events expenditure was £(0.057)m lower than budget.

A design and print project took place during the year which had a savings target of £0.221m; £0.113m of these savings have been delayed until 2015/16 due to an ongoing procurement exercise. However, they were offset in-year through savings in the Directorate.

2.5 Finance Services £(0.396)m

The significant underspend in the year mainly relates to:

- Exchequer Services £(0.268)m

This has resulted from an underspend on staffing in the Revenues and Benefits Administration Team of £(0.183)m caused by the secondment of staff to the Local Welfare Assistance & Universal Credit teams. There has also been unbudgeted income of £(0.054)m in respect of Counter Fraud Grant, additional NNDR administration income and extra liability order income.

- Financial Management £(0.082)m

This includes lower than anticipated expenditure on employee costs of £(0.026)m due to vacancies and additional income of £(0.056)m in respect of income generated from services to schools and VAT refund income.

- Internal Audit £(0.030)m

This is mainly due to salaries being lower than budgeted as a result of a staffing restructure and in-year vacant posts.

2.6 Partnership and Communities £0.023m

Additional one-off expenditure was incurred on salaries following the restructure of the service and there was a shortage in CCTV income which in the main was financed by additional funding, including Data Release Grant. There was also an under-utilisation of Safer, Stronger Communities funding because of savings in the cost of initiatives undertaken.

2.7 Culture and Sport £0.018m

This mainly relates to expenditure at Sale Waterside Arts Centre which exceeded budget by £0.094m and related to additional advertising, catering and the cost of productions but the majority of this was met from additional income of £(0.070)m.

2.8 Human Resources £(0.044)m

Overspend on staffing of £0.096m due to additional agency costs required to cover vacancies. This has been more than offset by savings in running costs of £(0.028)m relating to legal fees and subscriptions, surplus income of £(0.112)m generated from Supply Service Agency placement income and schools SLA income. This was received from some schools/academies upgrading their package of services, in addition to ad-hoc charges for services outside of the core SLA offers.

2.9 Executive £(0.017)m

There has been an underspend on both the salaries, due to the former Corporate Director leaving, and various running cost budgets, particularly photocopying, of £(0.004)m and £(0.013)m respectively.

3. MTFP Savings 2014-15

- 3.1 The Council's overall budget for 2014/15 included £(13.776)m of savings of which £(3.006)m relates to T&R. A total of £(2.628)m or 87% was delivered during the year but the timing of some savings have been delayed as detailed below.

Table 1: Saving Description	Phased Savings (£000's)
Human Resources Restructure	83
Partnerships and Communities Restructure	87
Legal Services Restructure	36
Design and Print	113
ICT - Social care - licence fee	59
Total	378

- 3.2 All delayed savings are expected to be achieved in full in 2015/16.

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

4. Reserves

4.1 The Directorate had accumulated balances of £(1.978)m brought forward from previous years and during the year £1.112m was applied to a number of areas including:

- Legal costs relating to the joint venture proposals £0.327m
- Libraries and CFW consultation costs £0.054m
- Waterside Arts Centre Bar project £0.050m
- ICT EDRMS-Liquid Logic project £0.055m
- Legal litigation costs £0.293m
- Communications projects delayed from 2013/14 £0.050m
- Safer Communities projects delayed from 2013/14 £0.087m

4.2 The remaining commitments against the reserve in 2015/16 are under review and an update will be included in the first monitoring report for 2015/16. The balance of earmarked reserves as at 31 March 2015 is £(1.501)m, including the 2014/15 in-year underspend of £(0.635)m.

Period 12 Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P12 Forecast Outturn (£000's)	P12 Outturn variance (£000's)	P11 Outturn variance (£000's)	P12 to P11 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	2,491	2,353	(138)	(69)	(69)	T&R1,3
Communications & Customer Services	5,837	5,756	(81)	(78)	(3)	T&R1,2
Strategic Human Resources	2,068	2,024	(44)	(79)	35	T&R1
Corporate Leadership and Support	368	351	(17)	(28)	11	
sub-total	10,765	10,484	(280)	(254)	(26)	
Finance Portfolio						
Finance Services	3,614	3,218	(396)	(281)	(115)	
sub-total	3,614	3,218	(396)	(281)	(115)	
Communities and Partnerships						
Partnerships & Communities	1,529	1,552	23	80	(57)	T&R1
Culture & Sport	1,619	1,637	18	11	7	
sub-total	3,148	3,189	41	91	(50)	
Total	17,526	16,891	(635)	(444)	(191)	

Business Reason / Area (Subjective analysis)	P12 Outturn variance (£000's)	P11 Outturn variance (£000's)	P12 to P11 Movement (£000's)	Note ref
Delay in savings implementation	378	375	3	T&R1
SDN line upgrade delay	67	67	-	T&R2
Court Costs and Legal fees	6	47	(41)	T&R3
Management of Vacancies	(490)	(563)	73	T&R4
Income	(807)	(517)	(290)	T&R5
Running Costs	211	147	64	T&R6
Total	(635)	(444)	(191)	

TRAFFORD COUNCIL

Report to: Director of Finance
Date: 14 May 2015
Report for: Information
Report author: Finance Manager Financial Accounting

Report Title

Revenue Budget Monitoring 2014/15 – Period 12 Outturn - Council-Wide Budgets (April 2014 to March 2015 inclusive)
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1 Outturn

- 1.1 The current re-aligned revenue budget for the year is £20.291m. The outturn forecast is £17.686m, which is £(2.605)m under the budget, a favourable movement of £(0.442)m since the last report.
- 1.2 Appendix 1 details the variances from the approved budget and the period movement from the previous forecast by both function and activity, which in summary are;
- 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 and Single Person Discount Reviews, one-off fees of £0.052m. 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 per annum for six years;
 - Members expenses - savings as a result of changes to the Members Allowances Scheme, new Government pension regulations, the pay award and reduced running costs £(0.091)m;
 - £(0.918)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;
 - £0.045m reduction in the level of Education Services grant;
 - Housing and Council Tax Benefits overpayment recovery net variance of £(0.221)m;
 - £(0.318)m underspend on contingency and provision budgets following year-end adjustments concerning creditor provisions in respect of the electronic ordering system;
 - £(0.041)m, costs of off-site document storage are lower than budget;
 - £(0.026)m, cost savings from the phasing out of the old car lease scheme;

- External Audit fees, one-off rebates £(0.037)m and savings on grant audit fees of £(0.001)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;
- Costs of the Judicial Review regarding adult social care budget consultation, £0.037m.

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 are transferred to the General Reserve, as detailed in the summary report.

Period 12 Outturn revenue expenditure and income variances,

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P12 Forecast Outturn (£000's)	P12 Outturn variance (£000's)	P11 Outturn variance (£000's)	Period Movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,855	17,857	2	(5)	7	
Provisions (bad debts & pensions)	(535)	(885)	(350)	29	(379)	C-W1
Treasury Management	7,981	6,965	(1,016)	(1,016)		C-W2
Insurance	775	775				
Members Expenses	926	835	(91)	(50)	(41)	C-W3
Grants	(6,804)	(7,693)	(889)	(793)	(96)	C-W4
Other Centrally held budgets	93	(168)	(261)	(328)	67	C-W5
Total	20,291	17,686	(2,605)	(2,163)	(442)	

Business Reason / Area (Subjective analysis)	P12 Outturn variance (£000's)	P11 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	52	45	7	C-W1
Judicial Review	37	38	(1)	C-W1
Creditor provisions over 4 years old	(314)		(314)	C-W1
Document Storage	(41)		(41)	C-W1
Car Leasing scheme	(26)		(26)	C-W1
Provision for bad debts & other contingencies	(23)		(23)	C-W1
Other adjustments.	19		19	C-W1
Treasury Management:				
- MIA interim dividend	(1,000)	(1,000)		C-W2
- Investment Income	(13)	(10)	(3)	C-W2
- Debt payments	(3)	(6)	3	C-W2
Precepts, Levies & Subscriptions	2	(5)	7	
Members Expenses	(91)	(50)	(41)	C-W3
Grants	(889)	(793)	(96)	C-W4
External audit fees	(28)	(29)	1	C-W5
Housing & Council Tax benefits	(221)	(289)	68	C-W5
VAT Refunds	(40)	(42)	2	C-W5
Other minor variances	28	32	(4)	C-W5
Total	(2,605)	(2,163)	(442)	

NOTES ON PROJECTED VARIANCES

C-W1 – Provisions - £(0.350)m (favourable), £(0.379)m favourable 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 was carried out to confirm whether long term (more than 6 months) empty properties were in fact occupied. The final fee for this work was £0.052m made up from an Empty Homes review, £0.038m and a Single Person Discount review, £0.014m. 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, the Claimant has now applied for permission to appeal directly to the Court of Appeal. The matter is currently with the Court of Appeal to decide whether or not to give permission. If permission is given

then this will increase legal costs. The current costs to the Council of the Judicial Review charged to the 2014/15 accounts are £37k.

£(0.318)m underspend on contingency and provision budgets following year-end adjustments concerning creditor provisions in respect of the electronic ordering system.

The costs of off-site document storage are lower than budget, £(0.041)m.

The costs of the phasing out of the old car leasing scheme are lower than budget, £(0.026)m.

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 - £(0.091)m (favourable), £(0.041)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 were only effective part way through the year and the final saving in 2014/15 is £(0.025)m. Government legislation, effective from 1 April 2014, has removed the access to a Local Government Pension Scheme for Councillors. This is on a phased basis and will be applied to those Councillors re-elected in the May local elections in each of the next 3 years. The budget saving in 2014/15 was £(0.013)m. Savings have also been made from the part year effect of the recent pay award and reduced running costs totaling £(0.053)m.

C-W4 Grants - £(0.889)m (favourable), £(0.096)m favourable movement

In 2014/15 the Council received 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 £(0.918)m in total and the Council has discretion over its use.

The 2014/15 Education Services grant, at £(3.408)m, is £0.045m below the budget of £(3.453)m. This specific grant is based on pupil numbers in Council maintained schools and is dependent on the final number of schools converting to Academy status during the year.

C-W5 – Other Centrally held budgets - £(0.261)m (favourable), £0.067m adverse movement

- **Housing & Council Tax Benefits - £(0.221)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 outturn for 2014/15 is

£(0.190)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 £(0.031)m within the Housing Benefit budget, an adverse movement of £0.109m since last month. This includes final year- end adjustments relating to prior years.

- **External Audit fees - £(0.028)m (favourable), £0.001m adverse movement**
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 and a minor saving on grant audit work of £(0.001)m..

- **VAT Refunds - £(0.040)m, adverse movement**

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 £0.157m.

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 has also recently changed the VAT legislation regarding the treatment of change which Councils 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 £0.028m.