TRAFFORD COUNCIL

Report to: **Executive**
Date: **21 September 2015**
Report for: **Information**
Report of: **The Executive Member for Finance and the Director of Finance**

Report Title:

Revenue Budget Monitoring 2015/16 – Period 4 (April to July 2015).

Summary:

The approved revenue budget for the year is £148.914m. The forecast for the end of the year, as projected following four months of activity, is £148.129m being a net underspend of £(0.785)m, (0.5)% of the budget, a favourable movement of £(1.074)m since the last report.

Members are directed to the CFW report at Annex 1, paragraph 2.3, which makes reference to further work undertaken to refine the forecasts for client costs generated from the Liquid Logic/ContrOCC system. This has identified further adjustments to the previous Period 3 position to the value of £(0.740)m relating to client care costs. Therefore the adjusted Period 3 forecast would have been £(0.451)m favourable compared to the reported position of an adverse £0.289m.

The main areas of budget variance are summarised as follows:

Activity	Forecast £m	Movement £m
Children's client care packages	1.0	-
Adults client care packages	0.7	(0.5)
Rephased base budget savings	0.4	0.1
Vacancy management	(1.1)	(0.2)
Running costs	(0.9)	(0.2)
Treasury Management	(0.7)	-
Housing & Council Tax Benefits	(0.1)	(0.1)
Business Rates (Council-wide budget)	(0.2)	-
Income	0.1	(0.2)
Forecasted outturn	**(0.8)**	**(1.1)**

Reserves

The opening balance of the General Reserve was £(7.9)m, and after taking into account approved use and commitments, and the Council-Wide budget outturn, the forecasted closing balance is £(7.7)m, which is £(1.7)m above the Council established minimum level of £(6.0)m.

In addition, the net service carry forward reserves at the beginning of the year was £(3.6)m, and after taking into account planned use and commitments together with the service Directorates' outturn, the forecasted closing balance is £(1.3)m in surplus.

Council Tax

The surplus brought forward of £(0.8)m, will be increased by an in-year forecast surplus of £(1.0)m. After taking account of the planned use of £0.4m to support the base budget and another £0.1m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(1.3)m. The Council's share of this surplus is £(1.1)m, and is planned to support future budgets in the MTFP.

Business Rates

The latest projection as at 31 July 2015 shows an overall reduction in retained business rates for 2015/16 of £0.016m, representing an improvement since period 3 of £(0.068)m. This includes an in-year business rate growth shortfall of £0.186m, which will impact on the Council's resources (that pays for the budget), partly offset by an increase in income within the Council-wide budget of £(0.170)m (see paragraph 12 below).

Recommendation(s)

It is recommended that:

a) the latest forecast and planned actions be noted and agreed.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2015/16.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance:………ID……………

Director of Legal & Democratic Services …………JLF……………

DIRECTOR'S SIGNATURE ***Appended in hard copy***

Budget Monitoring - Financial Results

1. The approved budget agreed at the 18 February 2015 Council meeting is £148.914m. Based on the budget monitoring for the first 4 months of the year, the overall forecast for the year is £148.129m, being an underspend of £(0.785), (0.5)%, a favourable movement of £(1.074)m since the last report.

2. 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)	Percent-age %	Period Movement (£000's)	Annex
CFW – Children's Services	1,086	3.9%	52	1
CFW – Adult Social Services	(446)	(0.9)%	(879)	1
CFW – Public Health	0	0.0%	0	1
Economic Growth, Environment & Infrastructure	(273)	(0.9)%	(28)	2
Transformation & Resources	(125)	(0.7)%	(41)	3
Total Service Variances	**242**	**0.2%**	**(896)**	
Council-wide budgets	(1,027)	(4.3)%	(178)	4
Estimated outturn variance (period 4)	**(785)**	**(0.5)%**	**(1,074)**	

CFW – Children, Families & Wellbeing

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percent-age %	Period Movement (£000's)
Children's Services	1,086	3.9%	52
Adult Social Services	(446)	(0.9)%	(879)
Community Health & Wellbeing	0	0.0%	0
Environment & Operations	(151)	(0.6)%	24
Economic Growth & Planning	(122)	(2.6)%	(52)
Communities & Partnerships	76	2.8%	31
Transformation & Resources	(27)	(0.3)%	(4)
Finance	(1,201)	(4.3)%	(246)
Estimated outturn variance (period 4)	**(785)**	**(0.5)%**	**(1,074)**

Key month on month variations

3. The key variances contributing to the period movement of a favourable £(1.074)m are:

- Adult Services – a reduction in Long Term and Short Term Support client costs due to an improvement in the forecast position from the new Liquid Logic client recording system, (0.490)m;
- Reduction in running costs across all Adult Services, £(0.256)m;
- Children's Services – a shortfall in the delivery of savings within the Early Help Delivery Model, £0.137m;

- £(0.203)m further net savings relating to vacancy management across all Directorates;
- £(0.181)m reduction in income shortfall across all Directorates;
- Housing and Council Tax Benefits overpayment recovery net variance of £(0.122)m;
- Other net variances of £0.041m.

MTFP Savings and increased income

4. The 2015/16 base budget, or permanent budget, was based on the achievement of permanent base budget savings and increased income of £(21.584)m.

5. This saving target includes £(15.612)m within the CFW Directorate which is being programme managed by a dedicated CFW Transformation Team. For the Month 4 report the savings targets for individual initiatives within CFW have been updated to reflect the targets which have been agreed at the CFW Programme Board. This has meant some slight amendments to individual targets, though the overall total savings target for the CFW directorate remains the same. The original and revised savings targets are included in Appendix 2 of Annex 1 of this report. Performance is assessed against the revised targets:

Table 3: Base budget savings	**Total (£000's)**	**Total (£000's)**
Total Savings delivered or in progress	(21,364)	
Budget savings required (revised)	(21,584)	
Total Net Shortfall		**220**
Shortfall Detailed by Directorate		
Shortfall against savings target within T&R		
• Libraries (as measured against original target see Note 1)	214	
• ICT Procurement	68	
• ICT Other	61	
Total shortfall within T&R		**343**
Shortfall/(Over recovery) against savings target within CFW		
• Education Early Years – Early Help	137	
• Ordinary Residence	35	
• Other Adults Savings	156	
• Children with Complex Needs	(58)	
• Home to School Transport	(25)	
• Older People Reablement	(368)	
Total (Over recovery) within CFW		**(123)**
Total Net Shortfall		**220**

Gross shortfall to be met by :-		
Contribution from Treasury Management Budget towards libraries slippage (note 1)		(50)
T&R reserve or mitigated by in year savings in 15/16		(293)
Total		**(343)**

Note 1 - The savings target for T&R originally included £0.550m in respect of the libraries rationalisation but this figure was revised down by £0.050m when the second phase of consultation was reported to Executive in March 2015. This reduction has been met from savings in the Treasury Management budget as a consequence of re-phasing of the capital programme in 2014/15.

6. The original budget for 2015/16 included a one off allowance of £0.700m as a general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16. As at the previous period (Period 3) £0.085m had been released to cover a projected savings slippage related to Market Management. As a result of the realignment of the CFW savings targets, the budget variance on Market Management is now shown as zero.

7. Approximately 98.98% of base budget savings have been or are forecasted to be delivered:

   - Of the £0.220m net shortfall, there is a gross shortfall of £0.343m relating to T&R and £0.328m to CFW; the CFW figure has been reduced by £(0.451)m as a result of over achievements in other savings targets;
   - For clarity, the above figures also include a contribution of £0.085m from the savings contingency for Market Management as described in para 6. The net shortfall of £0.293m within T&R will be met from either service carry forward reserves or alternative in year savings.

Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund of £(0.773)m has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.

9. After four months of activity, the total Council Tax in-year surplus is forecasted at £(0.980)m, with the Council’s share of this being £(0.823)m. After taking account of the planned application to support the 2015/16 budget, £0.357m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.100m, the end of year total balance is forecasted at £(1.296)m, of which the Council’s share is £(1.088)m.

Table 4: Council Tax surplus	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		**(773)**		**(649)**
Changes in Band D equivalents	(390)		(327)	
Empty Homes Premium	(127)		(106)	
Council Tax Support Scheme	(463)		(390)	
In Year Surplus		**(980)**		**(823)**
Banding valuations & discounts	100		84	
Increase in Bad Debt Provision	0	**100**	0	**84**
In-year application of surplus		**357**		**300**
Forecasted surplus carry forward		**(1,296)**		**(1,088)**

10. The numbers of those in receipt of Council Tax Support continues to fall with a 1.2% reduction in the first four months of the financial year. In addition, in an effort to attract incentive funding from DWP, several targeted pro-active interventions on unreported changes of circumstances are continuing, reducing Council Tax Support.

11. There has also been a growth in the tax. Back dated valuations and discounts continue to be an issue but levels have reduced considerably relative to the same period in 2014/15.

Business Rates

12. The Business Rate Retention Scheme established in April 2013, whereby local authorities can retain a share of growth (and losses), is a technically complex subject. The table below gives an indication of the complexity as well as an updated assessment compared to assumptions made in the budget:

Table 5: Calculation of Business Rates Income 2015/16	Original Estimate £000's	Projection £000's	Variance £000's
Net Yield	**(161,238)**	**(160,859)**	**379**
Local Share (49%)	(79,007)	(78,821)	186
Less Tariff (Set by Government)	44,142	44,142	-
Retained Rates	**(34,865)**	**(34,679)**	**186**
Government Baseline	(33,054)	(33,054)	-
In Year Growth	**(1,811)**	**(1,625)**	**186**
Add: Section 31 Grants	(1,663)	(1,825)	(162)
Estimated surplus 2014/15	(1,710)	(1,710)	-
Total Income subject to Levy	**(5,184)**	**(5,160)**	**24**
Deduct Levy @ 50%	2,592	2,580	(12)
Net Income	**(2,592)**	**(2,580)**	**12**
Add: Levy Rebate from GM Pool	(579)	(575)	4
Increased grant for 2% cap	(136)	(136)	-
Renewable Energy (retained in full)	(77)	(77)	-
Net Retained Income	**(3,384)**	**(3,368)**	**16**

13. The forecast of business rate yield included on the NNDR1 form 2015/16 submitted to DCLG in January included for a net yield of £161.238m, which represents an increase over the baseline target, set by the Government, of

£3.696m. Trafford nominally retains 49% of this growth, with 50% paid to the Government and 1% paid to the Fire and Rescue Authority. The Council is normally required to pay a levy to the Government of 50% of any growth; however in 2015/16 the Council agreed to join a business rate pool with the other AGMA districts and Cheshire East which means any levy payments are retained within the pool for the benefit of the area. In respect of any levy paid by the Council (into the Pool) it has been agreed with the other Pool members that the Council can retain one third for its own use.

14. Business rates are monitored during the course of the year and take into consideration quarterly updates from the Valuation Office Agency on outstanding and settled appeals. The calculation of retained business rates is both complex and volatile due to the amount of variables, including impact of settled appeals, take up of discounts and other changes to overall rateable values and as the year progresses more reliable projections can be made.

15. The latest projections as at 31 July 2015 are shown in the table above and show an overall reduction in retained business rates for 2015/16 of £0.016m compared to budget and this is summarised as:

    a) In year business rate growth forecasted to be down by £0.186m at £(1.625)m. This is a small improvement since the last monitor due a positive movement in the level of empty property exemptions in the month. Empty property exemptions tend to be cyclical in that they last for three or six months and this position will be monitored throughout the year. The accounting arrangements require that any variation in the forecast of business rates must be carried forward to later years' budgets i.e. no impact in 2015/16;

    b) Increase in Section 31 grant income of £(0.162)m to £(1.825)m due to additional costs of the small business rate and retail reliefs. This has a benefit to the 2015/16 budget because S31 grants are accrued during the financial year to which they relate;

    c) Overall reduction in the cost of the levy due to the updated growth forecast £(0.012)m;

    d) Reduction in the AGMA pool rebate £0.004m;

    e) Impact on 2015/16 is the sum of items (b) – (d), £(0.170)m, but this needs to be retained to make good the adverse variance identified in (a) above. This is included in the Council-wide budget monitoring projection in Annex 4.

Public Health

16. The Government announced on 4 June 2015 that it was seeking in-year public expenditure reductions of £3.1 billion. This included an amount of £200 million in respect of Public Health. In July the Department of Health issued a consultation paper on how to achieve these savings The illustration provided in that paper was for a reduction of 6.2% shared equally across local authorities, which if implemented would result in an in-year reduction of £0.773m for Trafford. We are awaiting the outcome of the consultation process.

17. If the in-year reduction of £0.773m is confirmed, scope has been identified within the Public Health budget to manage this on a one off basis for the 2015/16 financial year. Following the completion of the recent commissioning

exercise we believe this will be achieved without any detrimental impact on services in 2015/16 through unallocated funding and slippage on contractual arrangements. If the in-year reduction becomes recurrent, a plan to reduce expenditure by £0.773m will need to be incorporated into the 2016/17 budget planning cycle.

18. This is based on the current Public Health grant plus additional 0-5 funding which is being transferred in October 2015. Funding of £1.642m will be transferred to the Council on 1st October 2015 relating to the national transfer of responsibilities relating to Health Visiting and Family Nurse Partnership services. This will increase the gross funding for Public Health to £12.471m in 2015/16.

Leisure Services

19. On 30 July 2015 The Executive Member for Communities and Partnerships approved that a Community Interest Company (CIC) be established to run the leisure services, currently provided by Trafford Community Leisure Trust, from 1 October 2015. Progress is being made to achieve this and to support the Council expert legal and financial advice has been procured, the latter to provide specific advice on taxation. Any further financial implications will be included in future budget monitoring reports.

Reserves

20. The pre-audited General Reserve balance brought forward is £(7.9)m, against which there are planned commitments up to the end of 2015/16 of £1.2m. The addition of the Council-Wide underspend of £(1.0)m provides for a projected 31 March 2016 balance of £(7.7)m, being £(1.7)m above the approved minimum level of £(6.0)m:

Table 6 : General Reserve Movements	**(£000's)**
Balance 31 March 2015 (subject to audit confirmation)	**(7,871)**
Commitments in 2015/16:	
- Planned use for 2015/16 Budget	1,000
- Planned use for one-off projects 2015/16	200
- Council-wide budgets underspend	(1,027)
Balance 31 March 2016	**(7,698)**

21. Service balances brought forward from 2014/15 were a net £(3.642)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net surplus of £(1.404)m to be carried forward to 2016/17 (Table 7).

Table 7: Service balances	b/f April 2015 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing	(403)	837	434
Economic Growth, Environment & Infrastructure	(1,738)	1,239	(499)
Transformation & Resources	(1,501)	262	(1,239)
Total (Surplus)/Deficit	**(3,642)**	**2,338**	**(1,304)**

Recommendations

22. It is recommended that the latest forecast and planned actions be noted and agreed.

ANNEX 1

TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team
Date: 27th August 2015
Report for: Discussion
Report author: CFW Finance Managers

Report Title:

Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015).

1. Forecast Outturn for the Year

1.1 The approved revenue budget for the year is £75.841m (See Para 2.5 for budget adjustments since the last report) and the projected outturn is currently forecast to be £76.481m, which exceeds the budget by £0.640m (0.8%). The current projected overspend includes £1.086m on Children Services and an underspend of £(0.446)m on Adults.

1.2 The forecast variance for Period 3 was £1.467m and this represents a favourable movement of £(0.827)m since last reported. Whilst the variance seems significant Para 2.3 makes reference to work undertaken to refine the forecasts which are now being generated from the Liquid Logic/Controcc system. In Period 3 in-house staff costs were duplicated in the forecast leading to an over projection of client costs in year. A correction to that forecasting error would have reduced the variance to give an actual period on period movement of £(0.087)m against a total budget of £75.841m.

1.3 The savings target for CFW in 2015/16 is £(15.612)m. For the Month 4 report the savings targets for individual initiatives have been updated to reflect the targets which have been agreed at the CFW Programme Board. This has meant some slight amendments to individual targets, though the overall total of savings target for the CFW directorate remains the same. The original and revised reduction targets are included in Appendix 2. In this report performance against target is assessed against the revised targets.

1.4 At this stage of the year it is a major achievement to be on track to overachieve against the target of £(15.612)m and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

2. Summary of Variances

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

2.2 **CHILDRENS SERVICE**

The overall variance for Children's Services is an adverse £1.086m and is analysed below.

(a) Children's Social Services (including Children with Complex Needs) - £1.125m adverse variation from budget

- There is a forecast overspend of £1.000m, on client care packages as analysed in the table below. The main variances are in respect of external children's homes and agency foster care. The increases in cost are due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. £0.907m of the projected variance relates to external children's homes even though this is as a result of only an increase of 5.1 placements over the year which illustrates the volatility of this particular budget. There is also an adverse variance of £0.139m on agency foster placements which equates to 4.9 placements; this reflects a national trend following high profile reports into major failings in the system e.g. Rotherham.

- The CAN Personalisation saving is overachieving by £(0.071)m. Home from Home Carers underspend is £(0.080)m which is a result of fewer bed nights being supplied because of parental choice.

- Robust management action is in place to scrutinise each individual placement to ensure it is appropriate to meet needs. We are also exploring collaborative ways of managing the external market as costs have increased substantially due to the increased demand for places. We have implemented an 'Edge of Care Strategy' that supports children and young people to remain at home and developing that into a broader project as part of the CFW transformation programme.

- Actions in place to manage Children in Care placements are outlined in more detail in Appendix 3.

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,054	90	1.0	1,904	101	0.7	11
External Children's Homes	5.6	3,002	879	10.7	3,210	1,786	5.1	907
Agency foster care	32.9	880	1,513	37.8	841	1,652	4.9	139
In-house foster care	94.7	317	1,570	89.1	321	1,486	(5.6)	(84)
Family and friend foster care	112.0	217	1,271	109.5	234	1,332	(2.6)	61
Asylum seekers	0.0	0	0	0.0	0	0	0.0	0
Special Guardianship	29.0	151	229	29.1	148	224	0.1	(5)
Assisted Residence Allowances	24.0	106	133	21.7	107	121	(2.3)	(12)
Aftercare	n/a		381	n/a		474	n/a	93
Supported Lodges	n/a		325	n/a		339	n/a	14
Youth Homeless	n/a		193	n/a		264	n/a	71
Adoption	13.0		923	13.0		912	0.0	(11)
CAN respite	2.5	1,920	251	2.2	2,079	240	(0.3)	(11)
CAN long term care	4.4	2,423	553	4.2	2,449	531	(0.2)	(22)
CAN Home from Home	n/a		239	n/a		159	n/a	(80)
CAN Direct payments/personalisation	n/a		389	n/a		318	n/a	(71)
Total			**8,939**			**9,939**		**1,000**

- Adoption - There is a projected shortfall in adoption income of £0.182m. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption. We are currently developing an expression of interest with neighbouring authorities for a Regional Adoption Agency in line with national policy.

- Income **-** The has been additional income within CAN from Health for Continuing Health Care of £(0.076)m.

- Running costs **-** General running cost expenses variance of £0.019m

(b) Staff Management of vacancies, favourable variance £(0.039)m

The £(0.039)m variance is due to Education and Early Years £(0.058)m and Youth Offending £0.019m.

(c) Home to School Transport – favourable variance £(0.025)m

The new contractual arrangements for the 2015/16 academic year are projected to save an additional £(0.025)m on the revised target saving of £(0.400)m, in addition to recent savings targets and demographic pressures.

(d) Running Costs Across Children's Services £(0.111)m favourable

This relates to a projected saving in commissioned services.

(e) Slippage on Savings re Early Help Delivery Model – Adverse Variance £0.137m.

There are some premises costs relating to centres that have been incurred since 1st April 2015 as part of the transition to the new model and timescales for asset transfer.

Movement from previous period

The main reasons for the movement in the forecast for CFW Children of £0.052m are as follows:

- Education Early Years – increase in projected overspend of £0.022m.
- Children Social Services – increase in projected overspend on client care packages (excluding complex needs) of £0.176m.
- Children with complex and additional needs – reduction in forecast spend of £(0.250)m.
- Commissioning – reduction in forecast spend of £(0.052)m.
- Youth Offending – forecast overspend of £0.019m.
- Early Help Delivery Model – Premises costs as a result of transitional arrangements of £0.137m.

2.3 ADULTS SERVICE

The Period 3 monitoring position included a forecast adverse variance of £0.433m for 2015/16. In the last monitor the Executive were advised that there was a new basis of reporting with forecasts for client costs generated from Liquid logic/ContrOCC system. Further work has been undertaken to ensure that the estimated cost of care packages accurately reflected savings still to be achieved and this is a complex process for client costs.

A review of the forecasting information for Period 3 identified that the cost of in-house provided services had not been excluded from the forecast of client care costs and this was therefore duplicated in the last monitoring position.

Subsequently adjustments have now been made to the financial forecast report from Liquid Logic/Controcc to separately identify this cost and ensure it cannot be duplicated in future. Adjusting for these costs the variance on Adult Services would have reflected a £(0.307)m surplus and this would have translated to an overall service variance of £0.727m deficit as opposed to the position last reported of £1.467m deficit, a change of £(0.740)m.

A process is also being developed to validate the financial projections of care costs derived from the new system by using the SAP ledger system as a further safeguard.

The overall variance for Adults' Services is £(0.446)m favourable and is analysed below:

- Long Term and Short Term client costs - £0.706m adverse. There is a projected gross pressure of client costs of £1.612m compared to budget. This projection is based on the current portfolio client recorded on the Liquid Logic system, plus expected Transition costs in year of £1.8m. This will be offset by expected savings of £(0.906)m to be made against client costs over the course of the year based on Transformation projections. The schedule of assumed savings to be realised for the remainder of the year is included in Appendix 2.
- Social Support (Carers and Adult Placement) – favourable projection of £(0.058)m following renegotiation of a contract.
- Assistive Technology and Equipment – £0.036m adverse, though this will be offset by application of Winter Pressures funding.
- Social Care Activities – Care Management - £(0.721)m favourable. The favourable variance is due to vacant posts across Care Management and other teams across the service.
- Information and Early Intervention - £(0.066)m favourable. Forecast underspends in Extra Care due to delay in implementation of Old Trafford scheme part offset by residual contract costs in CAB.
- Commissioning and Service Delivery – net £(0.083)m favourable following Commissioning restructure.
- Non-Adult Care - £(0.009)m favourable. Forecast reduction in spend on Supporting People.
- Other variations. £(0.253)m favourable across other areas of the service.

Further details on the above variances are included in Appendix 1.

Movement from previous period

The period 4 variance compared to that last reported is £(0.879)m. Of this £(0.740)m is explained above. The additional change of £(0.139)m is included below:-

- Client costs –improvement in the forecast position of £(0.490)m reflecting a revised assessment of the impact of savings, an adjustment for in-house costs in the forecast, and a contingency for winter demand of £0.300m.
- Social support – improvement of £(0.103)m arising from renegotiation of a contract £(0.068)m and improvement in Adult Placement forecast £(0.035)m.
- Assistive Technology – adverse movement of £0.066m, though overall projection in line with budget, after winter pressures funding.
- Social Care Activities (Care Management teams) – improvement of £(0.359)m resulting mainly from additional savings in Reablement staffing.
- Information & Early Intervention and Commissioning Service Delivery – adverse movement of £0.035m following revised forecast for vacancies.
- Non-Adult Social Care (Supporting People) – improvement of £(0.030)m following review.

2.4 Public Health

The Public Health budget is financed by a ring-fenced grant. Under the terms and conditions of the grant this must be used for defined Public Health purposes and the current projection is spend will be in line with budget. Any underspend on the grant, should it arise, would be carried forward to 2016/17 for use on Public Health related services.

An announcement of a proposed in-year budget reduction for Public Health was made by the Government in June 2015. The reduction of £200m nationally is being proposed and currently subject to consultation. A range of options are being proposed, though an across the board reduction of 6.2% would result in a potential reduction for Public Health in year of £0.773m.

If the in-year reduction of £0.773m is confirmed, scope has been identified within the Public Health budget to manage this on a one off basis for the 2015/16 financial year. Following the completion of the recent commissioning exercise we believe this will be achieved without any detrimental impact on services in 2015/16 through unallocated funding and slippage on contractual arrangements. If the in-year reduction becomes recurrent, a plan to reduce expenditure by £0.773m will need to be incorporated into the 2016/17 budget planning cycle.

This is based on the current Public Health grant plus additional 0-5 funding which is being transferred in October 2015. Funding of £1.642m will be transferred to the Council on 1st October 2015 relating to the national transfer of responsibilities relating to Health Visiting and Family Nurse Partnership services. This will increase the gross funding for Public Health to £12.471m in 2015/16.

2.5 Budget Virements in 2015/16

- Previous budget virements were reported in Period 3. There have been further net budget virements out of CFW Adults in Period 4 of £0.115m. This relates to a transfer of £0.170m from CFW to Transformation and Resources in respect of a Transformation Capacity fund. This is offset by a virement into the service of £0.055m relating to the transfer of administrative staff to Sale Waterside.
- The re-structure of teams under Adults Integration will lead to a further virement which will be actioned for Period 5 on the basis of information which has been recently provided by the Joint Director of Adult Social Care and Heads of Service.
- The current budget for CFW Adults after the above virements is £47.792m.
- Since the budget was set, the Children’s Services budget has also been increased by a one off amount of £0.055m, to support the transition of
- the Gorse Hill Studios provision to a Community Interest Company. This has been financed from the central provision to assist with slippage in savings. Other virements within Children’s Services represent transfers of responsibilities between Directorates of £(0.017)m.
- The current budget for CFW Children Services is £28.049m.

3. Forecasting, Assumptions and Risk

3.1 2015/16 Base Budget Savings

The Council's overall budget for 2015/16 includes £(21.584)m of savings of which £(15.612)m relates to CFW. The table in Appendix 2 shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

The savings targets for 2015/16 have been re-aligned to reflect the specific targets which project managers are working to. The overall target is in line with the total agreed in the Medium Term Financial Plan and 2015/16 budget.

The current projection is that against the target of £(15.612)m, savings of £(15.735)m will be made. The forecast saving for 2015/16 includes savings of £(0.771)m, which were generated by actions undertaken in 2014/15. The breakdown of the projections for individual initiatives is included in Appendix 2.

At this stage of the year it is a major achievement to be on track to overachieve against the target of £15.612 and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

Savings to a value of £(0.906)m which have still to be realised are reflected in the forecast and comprise savings against the LD Care Package Review £(0.301)m, Reshaping Trafford £(0.575)m and savings from other schemes of £(0.030)m. Any shortfall in the delivery of these savings will have an adverse effect on the forecast position.

3.2 Good Practice Examples

In relation to the savings programme, there are a number of examples of management interventions that are having a substantial impact on the financial position of the Directorate. These include;

3.2.1 **Reshaping Social Care;** The Directorate is driving down commitments against care packages in line with the reshaping social care policy change agreed by the Council. The implementation of reshaping principles is being applied as each new case is presented and as all cases go through their reassessment during the year. This has led to an increase in complaints and appeals, but each case is being considered according to individual needs and options available to meet that need. The reshaping programme is supporting the directorate to review the commissioning requirements going forward, as we drive the promotion of independence and self-care. The work is underpinning the development of 2016/17 savings options and we are already seeing a significant impact since the new policy was implemented in April 2015.

3.2.2 **Panel Reviews:** Cases are being reviewed through the Panel process and annual reviews in the context of the objectives of Reshaping Trafford. This is generating savings which are contributing to the savings initiatives relating to client costs. This area looks likely to over achieve in year. This also forms part of savings in 2016/17 and over achievements in 2015/16 will support the larger saving requirements against care budget lines next year.

3.2.3 **Ordinary Residence:** Savings of £(1.047)m are expected from these actions which were reported at Month 3. Learning from the project will be embedded in the Panel Review and Reshaping work undertaken by the service.

3.2.4 **Home to School Transport;** A complete reorganisation of the co-ordination of transport provision for children with special educational needs was undertaken from September 2014. A single team was created that were able to clearly map and tender new routes to ensure efficiency of provision and a substantial reduction in contract values. In addition to the substantial financial saving achieved through this process the development of a new procurement approach and service standards has led to improvements in the quality and safeguarding elements of the service. There was a substantial overachievement of savings in the last financial year £(0.225)m and against the revised target of a further £(0.400)m for 2015/16 we are currently projecting an overachievement of £(0.025)m. This is now reflected in the revised target for this scheme.

3.2.5 **Debt Recovery:** The approval of the new Debt Management and Recovery policy at the end of March 2015 has enabled the Council to take a robust approach to debt recovery whilst ensuring the Council manages its risks effectively through the addition of a debt panel chaired by the Joint Director for Adults before cases proceed to Legal litigation. This new approach has already resulted in improved collection of historical debt to the authority and has had a positive impact on engagement of debtors, with a number of payment plans being arranged for in-year collection as well as payment in full in large debt cases. The new robust timely debt recovery process also ensures new debt is identified at the earliest stage and fed back to the Joint Director for Adults for an overall review of the case. Debt is also now a key factor in funding panel decisions.

3.2.6 **Direct Payments**: Some clients receive payments directly to purchase their own care packages to meet their needs. Experience shows that at the year end the annual audit identifies a number of instances where the totality of the funds provided has not been disbursed and can be reclaimed by the Council.

3.3 **Care Packages**

This is the second monitoring report of the financial year and follows two important changes in relation to the reporting of client care package activity. The first change is the full adoption of the national changes in reporting of client costs under the Zero Base Review. This means familiar heading such as Older People, Learning Disability etc. will not appear in this high-level monitoring report. Details of the changes were reported at Period 3 and are summarised in Appendix 4. The original client cost budgets for 2015/16 have been translated into the new Zero Base Review budgets, albeit the overall quantum of client cost budget is as originally set.

The second change is that a new basis of financial reporting has been introduced following the implementation of the Liquid Logic client record system and the associated financial modules under Controcc. This was one of the recommendations made in the budget monitoring investigation report. A considerable amount of effort has been made to bring the system into being and it is a major change for budget holders and other staff involved in the budget monitoring process. There are already benefits arising from the system although in these early days the main focus is on ensuring the information and reporting is robust following the data migration process.

The total budget for Long Term and Short Term client costs is £39.5m which represents 83% of the total CFW Adults budget of £47.8m. The total number of on-going services provided to clients is around 3,743, though this will fluctuate on a monthly basis. Details of these are shown in Appendix 5.

The Liquid Logic / Controcc system will give speedier and more flexible reporting and its potential will be developed over the coming months.

3.4 **Transition Costs**

Transition is the movement of clients from Children's services into Adults and the main costs are in respect of the Learning Disability service. The additional budgetary provision for transition for 2015/16 was £0.876m. In addition unused provision carried forward in the budget from 2014/15 was circa £1.54m, which leaves a total provision for 2015/16 of £2.416m. A review of expected transition has been undertaken and for Period 4, the assessment is that Transition costs for 2015/16 will be £(0.600)m underspent in year. The forecast reflects likely decisions made regarding extended education funding. The position on transition is however, volatile and will continue to be monitored monthly and any revision to this assumption will be reported.

3.5 **Continuing Health Care**

Where a client becomes eligible for Continuing Health Care a robust process is in place to ensure the relevant actions are completed. The CCG have notified the Council that they have over 60 historical claims for CHC logged by families. This will lead to some retrospective claims for CHC costs potentially being repaid to the client or the Council, which will improve the client cost monitoring forecast in year. Each claim will need to be assessed on a case by case basis, therefore it is not possible to estimate the potential impact, though this will be reported as the outcome of assessments are confirmed.

3.6 **Homecare packages**

The cost of homecare packages, like other care line items, is calculated by reference to the number of clients in receipt of that service at the time of producing the monitoring report. However, experience shows that in a number of cases, the planned package will not be required for the full year and as a result a reduction in costs of 2% is allowed for.

3.7 **Care Act**

The first phase of changes under the Care Act was introduced in April 2015. A Care Act implementation grant was made available to all upper tier authorities and the Council's grant was £(1.227)m. A schedule of proposed use of this funding was agreed by SLT and subsequently CMT and the planned usage of funding is attached at Appendix 6. It is relatively early in the year to project costs, the assumption for Period 4 is that spend will be in line with the Care Act implementation grant allocation. Work is on-going to understand the implications of the recent announcement to delay phase 2 implementation until 2020 and the impact will be reported to a future meeting. There is also a possibility that the Government may seek to recover some of the grant which has been allocated in 2015/16.

3.8 **Winter Pressures Funding**

Two amounts of Winter pressures funding were carried over from 2014/15 equating to £(0.393)m and £(0.187)m for DH and CCG funding respectively. Detailed plans are in place for the use of this funding and the assumption is that the funding will be fully utilised in 2015/16.

3.9 **Better Care Fund**

Under the terms of the Better Care Fund agreement with the CCG, the Council secured £(2.0)m for the protection of social care services. A national condition of the funding allocated for the Better Care Fund is that collectively the CCG and Council should achieve targeted reductions of at least 3.5% in non-elective admissions. Should these reductions not be achieved, then funding allocated in respect of performance would not be released by NHS England and the CCG would be obliged to transfer this to the Acute sector. The amount of BCF funding in the BCF agreement relating to performance is £(1.319)m and the Council carries the risk of 30% of funding based on the agreed risk share of 70/30 between the CCG and the Council; this equates to circa £0.400m in 2015/16. Early information on non-elective admissions indicates these are increasing, compared to baseline, rather than decreasing and as such there is a risk to £0.400m of the BCF funding. This potential shortfall has been set aside as an earmarked reserve, therefore the full £2.0m transfer of funding to the Council is reflected in the forecast.

4. Learning Disabilities (LD) Pooled Fund

4.1 The LD Pooled fund deficit was cleared at the end of 2014/15. The fund is therefore in balance at the start of the year and spend is expected to be in line with respective contributions from the Council and the CCG.

5. Reserves

5.1 At the beginning of April 2015 the Children, Families and Wellbeing Directorate has accumulated balances of £(1.729)m carried forward from previous financial years.

5.2 The carry-forward balances and expected end of the year position is as follows:

	DSG	**CFW**
	(£000's)	**(£000's)**
Balance b/f 1 April 2015	(1,326)	(403)
Troubled Families Grant		(468)
Troubled Families Commitments 15/16		468
Specific commitments in 15/16		197
P4 Forecast Outturn 15/16	700	640
	(626)	**434**

The DCLG provided a grant for Troubled Families in 2014/15, which was not ring-fenced or spent. However, there are commitments made to partners for 2015/16.

There are also specific commitments originally made in 2014/15 that will now be spent in this financial year. These were reported in the period 12 2014/15 monitoring report.

6. Management Action

6.1 Business Delivery Programme Board

Following the investigation into budget monitoring arrangements, the Business Delivery Programme Board refreshed the way it works. These arrangements will continue in 2015/16, subject to the merging of the Business Delivery Core group into a single All Age Board for Children and Adults.

Due to the scope and complexity of the budgets the separate reporting of Adults and Children's budget position will continue through respective Finance sub-groups of the Business Delivery Programme Boards.

6.2 Financial Awareness Training

In order to strengthen financial management, a comprehensive programme of training has been delivered to service managers. All budgets have undergone a RAG assessment approach to determine the level of risk, complexity and volatility. The results determined the level of support each budget and budget holder would receive from the Finance Team.

New budget monitoring templates were issued to create a more streamlined and consistent approach across each service area. The input from the budget holders means that the information and projections for each service are up-to-date and there will be greater control of the budget throughout the year.

Period 4 is the second time that monitoring of some budgets is reliant on forecasts made entirely by budget holders. The ability of budget holders to carry out these forecasts has been mixed, as would be expected when introducing such a fundamental change. Drop in sessions have been held by Finance teams for Period 4 monitoring to offer assistance to budget holders where required and these will continue to be held for the next two months then reviewed. Where budget holders have had difficulty in forecasting, the Finance team has made assumptions for this monitoring report.

Appendix 1

Period 4 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Children's Services Portfolio – DSG Element						
Dedicated Schools Grant	0	700	700	700	0	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(700)	(700)	(700)	0	CFW1
Sub-total – DSG	**0**	**0**	**0**	**0**	**0**	
Children's Services Portfolio – Non DSG Element						
Education Early Years' Service	4,971	4,828	(143)	(165)	22	CFW3
Children's Social Services	17,039	18,343	1,304	1,199	105	CFW2
Children with Complex & Additional Needs	1,593	1,414	(179)	0	(179)	CFW2
Commissioning	1,503	1,451	(52)	0	(52)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,601	1,601	0	0	0	CFW3
Youth Offending Service	254	273	19	0	19	CFW3
Early Help Delivery Model	1,088	1,225	137	0	137	CFW3
		0	0			CFW3
Sub-total – Non DSG	**28,049**	**29,135**	**1,086**	**1,034**	**52**	
CFW Children's Total	**28,049**	**29,135**	**1,086**	**1,034**	**52**	

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Adult Social Services Portfolio						
Long Term Support – client costs	38,955	39,498	543	1,024	(481)	CFW4
Short Term Support – client costs	557	720	163	172	(9)	CFW5
Social Support – Adult Placement / Carers Commissioned services	931	874	(57)	45	(102)	CFW6
Assistive Equipment & Technology	1,473	1,509	36	(30	66	CFW7
Social Care Activities – Care Management (See Note 1)	11,734	11,013	(721)	(362	(359)	CFW8
Information and Early Intervention – Preventative Services	942	877	(65)	(89	24	CFW9
Commissioning and Service Delivery	760	677	(83)	(94	11	CFW10
Non-Adult Social Care – Supporting People	390	381	(9)	20	(29)	CFW11
DH Funding and un-allocated savings (Note 1)	(7,083)	(7,336)	(253)	(253	0	
CFW Adults Total	**48,659**	**48,213**	**(446)**	**433**	**(879)**	
Community Health & Wellbeing Portfolio						
Public Health	(867)	(867)	0	0	0	CFW12
CFW Public Health Total	**(867)**	**(867)**	**0**	**0**	**0**	
CFW Total	**75,841**	**76,481**	**640**	**1,467**	**(827)**	

Note 1 – Budget previously included in Social Care Activities.

Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Children's				
Management of staff vacancies	(39)	0	(39)	CFW2, CFW3
Transport Costs	(26)	(100)	74	CFW3
Client Need	1,000	1,041	(41)	CFW2
Income	106	155	(49)	CFW2
Other running costs	45	(62)	107	CFW2, CFW3
Total Children's	**1,086**	**1,034**	**52**	
Adults				
Management of staff vacancies	(887)	(615)	(272)	CFW8
Client Need	706	1,196	(490)	CFW4, CFW5
2015/16 Savings not achieved	10	37	(27)	CFW6
Other running costs	(275)	(185)	(90)	CFW7,9,10, CFW11
Total Adults	**(446)**	**433**	**(879)**	
Public Health	**0**	**0**	**0**	
Total CFW	**640**	**1,467**	**(827)**	

Appendix 1

NOTES ON VARIANCES AND PERIOD MOVEMENTS

CHILDREN'S SERVICES

CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(1.326)m. There are significant pressures within DSG which mean that there is an anticipated overspend of £0.700m, leaving a forecast reserve at the year-end of only £(0.626)m. The greatest pressure on the DSG is increasing numbers in SEN and the High Needs Block of the DSG being frozen. In previous years there has been an underspend on primary de-delegated budgets. However, Primary School budgets are under significant pressure and a central budget for Schools in financial difficulty (£0.400m) will be spent in 15/16.

CFW2 – Children's Social Services (Including CAN) £1.125m adverse variance

- There is a projected overspend of £1.000m, on client care packages as analysed in the table under 2.1. The main variances are in respect of external children's homes and agency foster care. The increases in costs are due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. £0.907m of the projected variance relates to external children's homes although this is only based on an increase of 5.1 placements over the year which indicates the volatility of the budget. This reflects a national trend following high profile reports into major failings in the system i.e. Rotherham.
- There is a projected shortfall in adoption income of £0.182m. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption. We are currently developing an expression of interest with neighbouring LA's to for a Regional Adoption Agency in line with national policy.
- There is additional income for CAN placements of £(0.076)m as a result of Continuing Health Care assessments that have identified eligible expenditure for children with complex health needs,
- General running costs adverse variance £0.019m

CFW3 - Various

Children's Home To School Transport- £(0.025)m favourable.

- A favourable variance due to the reorganisation of transport contracts compared to the revised savings target of £0.400m.

Running Costs Across Children's Services excluding social care £(0.111)m favourable

- This relates to a projected saving in commissioned services.

Staff Management of vacancies, Management of staff vacancies excluding social care £(0.039)m favourable

- This is from Education and Early Years £(0.058)m and Youth Offending £0.019m.

Early Help Delivery Model

- Shortfall in delivery of savings £0.137m.

ADULT SOCIAL SERVICES

<u>CFW4/5 – Long/Short term Support – Client Costs £0.706m adverse</u>

Long Term and Short Term client costs - £0.706m adverse. There is a projected gross pressure of client costs of £1.612m compared to budget. This projection is based on the current portfolio client recorded on Liquid Logic adjusted for expected Transition costs in year of £1.8m. An offset has been made of £0.906m for savings which are expected to be made against client costs based on Transformation projections. The forecast is based those clients currently within the Liquid Logic system and will become more robust as the year progresses.

<u>CFW6 – Social Support – Adult Placement / Carers £(0.058)m favourable</u>

- Contract saving following renegotiation £(0.068)m
- Adult Placement saving not achieved £0.010m. Saving reflected in CFW8.

<u>CFW7 – Assistive Equipment & Technology £0.036m adverse</u>

- Forecast adverse position of £0.036m, though this will be brought in line after application of Winter Pressures funding.

<u>CFW8 – Social Care Activities – Care Management teams £(0.721)m favourable</u>

Vacant posts and other staffing related savings across the following teams:

- Reablement £(0.368)m – Overachievement of saving from restructure
- Pathways and Network £(0.114)m;
- Screening Teams (Core and TGH) £0.030m adverse
- Ascot House £(0.064)m;
- Community MH Organic team £(0.063)m;

- Community Learning Disability team £(0.038)m;
- Community Mental Health team £(0.107)m;
- Community Social Work team South £(0.133)m;
- Review and Assessment team £(0.026)m;
- UHSM costs to be funded through Winter pressures funding £0.166m;
- Other variances £(0.004)m

CFW9 – Information and Early Intervention £(0.065)m favourable

- Extra Care Housing – underspend due to delay in Old Trafford scheme £(0.094)m;
- Reduction in IMCA costs £(0.016)m;
- Residual contract costs £0.040m;
- Other variances £0.005m.

CFW10 – Commissioning & Service Delivery £(0.083)m

- Commissioning Restructure – additional saving £(0.086)m;
- Admin team £0.003m.

CFW11 – Non-Adult Social Care £(0.009)m

- Supporting People – additional contribution £(0.009)m;

CFW12 – Public Health £Nil

- Overall spend is projected to be in line with Public Health grant.

DH Funding and un-allocated savings £(0.253)m

- Winter pressures funding to be allocated.

Appendix 2

CFW Rebased Savings 2015/16		2015-16 Original Reduction	2015/16 Revised Reduction	Forecast Saving	Variance
		(£000's)	(£000's)	(£000's)	(£000's)
Children with Complex Needs – use of personalisation	CS	(100)	(200)	(271)	(71)
Children in Care – expansion of in-house Children's home	CS	(100)	(50)	(37)	13
Home to School Transport	CS	(300)	(400)	(425)	(25)
Market Management	CS	(200)	(200)	(200)	-
Music Service	CS	(30)	(30)	(30)	-
Educational Psychology	CS	(100)	(100)	(100)	-
Governor Services	CS	(5)	(5)	(5)	-
Commissioning – reduction in multi-agency contracts	CS	(126)	(126)	(126)	-
Education Early Years – Early Help	CS	(3,077)	(3,079)	(2,942)	137
Education Early Years – Re-organisation	CS	(377)	(377)	(377)	-
Youth Offending Service	CS	(130)	(130)	(130)	-
Sub-total Children Services		**(4,545)**	**(4,697)**	**(4,643)**	**54**
Older People – Reablement	AS	(700)	(700)	(1,068)	(368)
LD - Re-negotiation of Contracts	AS	(300)	(13)	(13)	-
LD – Supported Living	AS	(206)	(203)	(203)	-
LD – Acceleration of Re-tendering	AS	(790)	(942)	(942)	-
PD – Telecare	AS	(116)	(116)	(116)	-
LD – Void Management	AS	(32)	(32)	(32)	-
Continuing Health Care	AS	(389)	(389)	(389)	-
Better Care Fund	AS	(2,000)	(2,000)	(2,000)	-
Voluntary and Community Sector	AS	(97)	(59)	(59)	-
LD – Ordinary Residence	AS	(1,066)	(1,082)	(1,047)	35
LD - Care Package Review	AS	-	(411)	(411)	-
LD – Development Fund	AS	(40)	(45)	(45)	-
LD – Review of Building Based Support	AS	(71)	(72)	(72)	-
Reshaping Trafford	AS	(1,100)	(682)	(682)	-
Mental Health – review of packages	AS	(100)	-	-	-
Floating Support Service	AS	(230)	(230)	(230)	-
Market Management	AS	(1,000)	(915)	(915)	-
Integrated Health & Social Care	AS	(500)	(500)	(500)	-
Commissioning – all age structure	AS	(830)	(830)	(830)	-
Commissioning – review of non-mandatory services	AS	(1,500)	(1,538)	(1,538)	-
Sub-total Adult Social Care		**(11,067)**	**(10,759)**	**(11,092)**	**(333)**
Other Adult Social Care savings TBC		-	(156)	-	156
Total		**(15,612)**	**(15,612)**	**(15,735)**	**(123)**

Appendix 3

Children in Care – Management Actions

1.0 Context: There were the 325 children who were in the care of Trafford on the 30th June 2015 of which only 10 children were placed in external residential children's home and 35 children are placed with foster carers from independent fostering agencies. The weekly unit cost of a placement in an external residential children's home is £3,210 and the weekly unit cost of a placement with a carer from an independent fostering agency £841

1.1 Demographic Pressures: The number of children in care has continued to steadily increase from 295 in April 2013 to the children in care and by July 31st 2015 this figure had increased to 325. The increase in the numbers of children in care in part reflects an increase in the Trafford children population but is also associated with young people being encouraged to remain in the care of their foster carers until they are older and have reached an age when they are better equipped to manage the transition to independent living. In addition the complexity of need of young people in the care system has increased reflected in the growing number of high cost external placements.

1.2 Children Who Enter Care: There is a robust gateway to agree admissions into care is overseen by senior managers. All children who enter care do so as an outcome of a needs led assessment which is completed by a social worker from area family support team. Wherever possible, children are placed with extended family members who are assessed and approved to become family and friends carers. Trafford have proactively encouraged the development of a strong, integrated and supported network of family and friends carers and currently 32% of the Trafford children in care population are placed with family and friends carers.
Trafford's strategic drive to place children with family and friends carers is driven by a view that family and friends carers:

- Achieve positive outcomes for children
- Are often the placement of choice for children who experience separation from their families
- Have a record of providing long-term permanent placements for children

The high percentage of children in family and friends placements also had a positive impact on reducing Trafford's dependency on placements with high cost independent fostering agency placements.

1.3 Edge of Care Strategy: Trafford have a robust range of services to support children who are identified as being at risk of being admitted into care. These services are integral components of Trafford's Edge of Care strategy. The narrative below describes the services that are in place to support children who are at risk of entering the care system:

1.3.1 Multi-systemic Therapy (MST) - this is an intensive family and community based treatment programme for young adolescents between the ages of 11 and 17 whose antisocial behaviours are placing them at risk of family breakdown. MST is a time-limited (three to five months), intensive and therapeutic programme that provides services in the family's home or at other locations such as the young person's school. It is an evidence-based specialist intervention for children who are at high risk of entering care.

1.3.2 Outreach Service provides dedicated and targeted support to children on the, "edge of care" who are aged 4yrs to -17yrs. The team provide bespoke and tailored packages of support to children who are at risk of entry into care. The service delivers flexible and intensive programmes of support to children inclusive of weekend and out of hours support and the service is open 365 days of the year.

1.3.3 Stronger Families which is grant funded by the Department for Communities and Local Government (DCLG). The programme applies a nationally defined, whole family model of service delivery, to families who present with prescribed categories of presenting problems. The Trafford model provides a different approach to working with those families where results have not previously been achieved through business as usual models of support.

1.3.4 The Me2 is an evidence based programme for young people aged 11yrs to 17yrs providing a raft of support from a range of professionals. Young people who enter the programme progress through a points and levels process until they achieve graduation. It is a time limited programme which lasts approximately nine months and young people who graduate from the programme either return home or move onto long term placements. It is particularly positive in preventing escalation for complex young people into external placements.

1.4 Market Management: The major pressure within the budget is created by increased demand on high cost external placements. This is an exceptionally challenge market as the increasing numbers of young people requiring places nationally has significantly outstripped available capacity. To ensure we are able to maximise value for money a clear commissioning approach has been developed to liaise directly with providers. Collaborative work with other LA's is also in place to try to expand our influence over providers.

1.4.1 The costs and quality of external placements is controlled by the use of two frameworks of providers:

- The Greater Manchester Residential Framework of Providers has been developed by commissions across the region to deliver residential placements which are underpinned by a framework of costs and quality standards. The average unit cost of an external residential placement is currently £3073(this is lower than the average unit that was seen in 2014-15 which was £3403).
- The Northwest Fostering Contract is a framework of independent fostering providers who deliver foster placements which like the residential framework are underpinned by a framework of costs and quality standards. In 2015-16, there has been an increase in the number of children with very complex needs and this as contributed to an increase in the weekly unit costs of external placement which have risen from £850 in 2014-15 to the current figure of £884

1.4.2 In response to the increase in the numbers of children in care and Trafford's increased dependency on external high cost providers Trafford have implemented the following strategic initiatives:

- In November 2015, Trafford will close an existing two bedded Children's home and re-open it, at a different location, as a three bedded home. This action will provide an opportunity for one additional child to reside in a small group living environment and will reduce the unit costs of the provision. The additional placement will be reserved for children with complex and challenging needs and will reduce dependency on high costs external residential placements
- Trafford will continue to rollout an on-going and successful fostering marketing and recruitment strategy. This Strategy will be targeted at the recruitment of carers for older children who are at higher risk of being placed with external providers. The strategy has to date been a successful one and in 2014-15, Trafford recruited 8 foster placements for teenage children and in 2015-16 we are on target to recruit 14 foster placements for teenage children.

1.5 Trafford Placement Panel

All requests to place children in either external residential or fostering placements are initially considered by Trafford's Placements Panel which meets each Monday morning. This panel is chaired by a Head of Service and includes a range of key officers.

The panel considers all requests for external placements and:

- Assesses the suitability of the request
- Considers whether any in-house placements can be identified which might meet the needs of the child

The panel works proactively and innovatively to try to identify any in-house placement which might offer an alternative placement to a high cost external placement. Where the panel identify that there are no in-house placements available, the panel make a recommendation for the approval of an external agency to the Director for approval.

The placement panel is also used to:

- Track previously agreed timescales for the return of children who are placed, in external provision to internal provisions
- Track budget projections so as to ensure that financial monitoring reports are accurate
- Develop innovative alternative packages of care which offer a direct alternative to the use of external placement
- Ensure that when an external placement is required that it is both time limited, cost effective, high quality and suitably matches the needs of the child.
- Ensures that any joint funding arrangements are explored inclusive of those placements which meet the threshold for funding contributions from health partners

Appendix 4

Zero Base Review – Budget Changes

Summary of main changes

In 2014 the Government introduced changes to the basis of reporting Adult Social Care to more appropriately reflect the move to more personalised and preventative services in social care.

Under the changes a new hierarchy of reporting was introduced based on the following structure:

FR001 – Long Term Support

- Age 18-64 years
- Age 65-74 years
- Age 75-84 years
- Age 85+

FR002 – Short Term Support

- Age 18-64 years
- Age 65-74 years
- Age 75-84 years
- Age 85+

FR003 – Social Support
FR004 – Assistive Equipment and Technology
FR005 – Social Care Activities
FR006 – Information and Early Intervention
FR007 – Commissioning & Service Delivery

With each range services are further split according to Primary Support Reasons (PSR) which are: Physical, Sensory, Memory & Cognition, Learning Disability, and Mental Health.

These replace the former client categories of Older People, Learning Disability, Physical Disability and Mental Health.

Reporting on the new basis is mandatory for financial and performance reporting from April 2015 and 2015/16 budgets have been reviewed to re-allocate them according to the new ZBR reporting requirements.

This basis of reporting will be used for all future national financial and performance statutory reporting. Further details of budget virements are available if required.

CFW Budget Monitoring : 2015-16

Client Cost Data table - Month 4

Client Cost Category	Services users	Unit Cost *	Budget 2015-16	Forecast Month 4	Variance
Learning Disability	523	31,701	19,549,662	18,759,862	-789,800
Mental Health	985	4,874	5,374,607	5,547,141	172,534
Physical Support	1,614	7,845	12,697,592	13,535,679	838,087
Memory Support	13	4,943	64,254	204,636	140,382
Sensory Support	127	6,500	825,506	998,968	173,462
Social Support	99	4,480	443,562	452,050	8,488
Short-term services	0	0	557,064	720,178	163,114
Total	**3,361**		**39,512,247**	**40,218,514**	**706,267**

* Unit cost adjusted for certain contracts not reflected in client numbers

Care Act Implementation grant **Appendix 6**

Proposed use of funding 2015/16

Area of Spend	Forecast Cost 2015/16	Type of cost
Self-funders additional assessments and reviews in 2015/16 – 4 x social worker and 4 x social work assessors	£290,710	Staffing
Financial Assessments – Exchequer Services support officer	£21,375	Staffing
Carer costs – includes assumed £200k contribution to Carers Centre	£361,183	Commissioned service, carer payments.
Information and advice	£48,448	TBC
Prevention		
Independent financial advice		
Access to advocacy	£50,500	Commissioned services and service user support
Safeguarding Boards	£30,000	
Market oversight regime – quality management – Market Relationship Officer	£44,348	Staffing
National eligibility – continuity of care between areas	£70,000	Package costs contingency
National eligibility – transition		
Eligibility Threshold – Recurring costs		
Legal Reform – Transition costs	£50,000	Contingency
Implementation of legal reform		
Training and development – Training Officer	£31,293	Staffing
Communications	£10,000	Publicity materials
ICT – ICT Project Manager (P/T)	£29,760	Staffing
ICT – system support costs	£57,240	
Project Management	£125,000	Staffing
Contingency	£7,143	Contingency
Total	**£1,227,000**	

ANNEX 2

TRAFFORD MBC

Report to:	**Economic Growth, Environment and Infrastructure Directorate Management Team**
Date:	**27 August 2015**
Report for:	**Discussion**
Report author:	**Finance Manager**

Report Title

Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015)

1. Forecast Outturn for the Year

1.1 The approved revenue budget for the year is £32.298m. This includes a contribution from the Transformation & Resources directorate towards the Joint Venture Contract (JVC) overheads. The forecast outturn is £32.025m, which is £(0.273)m under the approved budget, which is a favourable movement of £(0.028m) since last reported.

1.2 Key movements in the forecasts relate to additional income for planning application fees £(0.061)m, building control fees £(0.038)m, Bereavement Services £(0.028)m, and other minor income £(0.013)m. This is offset by a reduction in the underspend across the Directorate for staff vacancies £0.080m and running costs £0.032m.

1.3 The approved budget for 2015/16 includes savings of £(2.814)m and all are projected to be delivered in full (paragraph 4). Savings include £(2.250)m from the Joint Venture Contract (JVC) with Amey LG for Environmental, Highways, Street Lighting, Technical and Property Services.

1.4 The JVC contract commenced on 4th July 2015 for 15 years, and will be monitored through the payment and performance mechanism agreed with Amey as part of the procurement process. The budget monitoring reported for services in-scope of the JVC for 2015/16 will reflect actual and forecast economic activity both before and after the contract start date.

1.5 For traded services (catering and cleaning) there is a forecast net traded surplus of £(0.150)m at the end of March 2016. 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 is expected to be required to continue investment in the service and in particular improve readiness for the new academic year in September 2016.

1.6 The Directorate has brought forward balances of £(1.738)m from previous years (paragraph 3). This will be utilised for one-off budget pressures in 2015/16 and also to support initiatives to protect services and deliver future efficiencies and income generation. The balance after known commitments and the forecast outturn is £(0.499)m.

1.7 This is the second monitoring report of the financial year and, hence, the information available to produce the forecast outturn will be refined and subject to change as the year progresses. The main assumptions included in the financial forecasts are listed in paragraph 5.

2. Summary of Variances

2.1 The overall favourable variance of £(0.273)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.

2.2 A favourable one-off income variance is projected from Oakfield Road car park £(0.120)m. Income from other fees and charges is higher than budgeted for the GM Road Access Permit Scheme £(0.010)m, airport rent £(0.021)m and planning fees £(0.179)m. There are income shortfalls forecast relating to building control £0.062m, parking enforcement (one-off) £0.056m, bulky and commercial waste £0.010m, public protection (licencing & pest control) £0.027m. In addition, fee income from capital schemes is £0.132m lower than budgeted for the pre-JVC period. Total income is forecast to be £(0.043)m above budget. This is a favourable movement of £(0.140)m which relates in particular to increased planning fees £(0.061)m, building control fees £(0.038)m, Bereavement Services income £(0.028)m.

2.3 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.048)m. There is an adverse movement of £0.080m from last report, which includes £0.039m relating to temporary posts in planning and building control which help generate the additional income above. In addition, £0.046m of the movement relates to school crossing patrols which follows recent success in the filling of posts.

2.4 Other running cost are projected to be £(0.182)m underspent. This includes administrative buildings £(0.060)m, contracts £(0.062)m (e.g. waste and parking, street lighting energy costs £(0.060)m. There is an adverse movement of £0.032m for last reported across a number of service areas.

2.5 Management action will continue over the financial year end period and into 2015/16 to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:

- Only necessary spending on supplies and services to be approved;
- Systematic monitoring and evaluation of existing and potential new income streams;
- Analysis of rechargeable work for both revenue and capital schemes;
- Additional improvements to efficiency through service redesign and better procurement;
- Potential to accelerate future savings proposals.

3. Reserves

3.1 At the end of 2014/15 the Directorate had a surplus on accumulated balances of £(1.738)m, which was carried forward to 2015/16. This was a result of the successful management of budget pressures and additional income generation in the last three years. .

3.2 The remaining balance on the EGEI Directorate Reserve after the forecast outturn for 2015/16, future known commitments and re-phasing of projects is £(0.499)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 is some acceleration of one-off costs (e.g. stock write offs) associated with the mobilisation of the JVC contract which commenced on 4th July 2015. The reserve may also be required for other one-off budget pressures arising during the year.

Utilisation of Carry forward Reserve 2015/16	(£000's)
EGEI Surplus balance brought forward at 1 April 2015	(1,738)
Commitments	1,512
Period 4 forecast outturn (favourable)	(273)
Balance after known commitments	**(499)**

4. Savings

4.1 The approved Directorate budget includes 2015/16 savings of £(2.814)m, and all are projected to be achieved in full over the financial year, as follows :

	Budget (£000's)	Forecast (£000's)	Variance (£000's)
Efficiencies and others	(2,336)	(2,336)	0
Increased and new income	(324)	(324)	0
Policy Choice	(154)	(154)	0
Total EGEI	**(2,814)**	**(2,814)**	**0**

5. Forecasting and Risk

5.1 There are key assumptions and/or areas of risk in producing the forecast outturn. These are listed below but will generally reduce as the financial year progresses as data becomes confirmed.

- Joint venture contract – the budget monitoring for services in-scope of the JVC reflects economic activity both before and after the contract start date of 4th July 2015. A number of activities and works cross cut the contract start date (e.g. works in progress), plus a number of temporary arrangements are in place to ensure business continuity during the cut over period (e.g. continued collection of income on behalf of Amey). All related financial transactions will be allocated and recharged between the Council and Amey over the coming weeks. It is also likely there will be residual pre-contract related transactions throughout the financial year.
- The JVC contract will be monitored using the payment and performance mechanism agreed as part of the procurement process. This is designed to incentivise performance to the standards agreed and the Council has the ability to deduct fees in cases of non-performance. This will form part of the monthly billing and review process.
- Fee income from capital works varies depending on the progress of delivering the approved capital programme during the year. The full year budget assumption from fees is £(2.000)m and this risk has effectively been transferred to Amey from July 2015 for services in-scope of the JVC (e.g. Highways and Property). The JVC contract is structured in a way which incentivises Amey to progress in delivering the programme on time. However, the charging of capital fee income will still need to be monitored against the profile for both the pre and post contract budgets as capital works progress.
- Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. All fees and charges are monitored weekly or monthly,

with trends and previous profiles used to inform forecasts. For services in-scope of the JVC, fee income is guaranteed in the contract price. The Council will also share in any additional income generated by Amey under the contract. Adjustments and recharges will need to be actioned in the accounts for any income collected on behalf of Amey during the transition period.

- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties. This can include backdated rent income notified by managing agents later in the year. Property will be managed by Amey under the JVC contract.
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. These services are largely in-scope of the JVC and this risk has been transferred to Amey under the contract as the service fee payable is fixed for the year in advance. The Directorate has £0.120m in a Winter Maintenance reserve to smooth any pressures across financial years, if required.
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. The latest notification from the WDA indicates disposal costs are in line with budget.

6. Recommendations

6.1 It is recommended that the forecast outturn be noted.

Appendix 1

Period 4 Forecast Outturn revenue expenditure and income variances.
The following tables detail the main variances from the revenue budget to the forecast outturn, and the movements since the last monitoring report, in both Management Accounts ("Budget Book") format and by cause or area of impact of the variance.

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	**Full Year Budget (£000's)**	**P4 Forecast Outturn (£000's)**	**P4 Forecast Variance (£000's)**	**P3 Forecast Variance (£000's)**	**Period Movement (£000's)**	**Ref**
Highway and Network Management, including Traffic & Transportation	3,395	3,340	(55)	(39)	(16)	EGEI1
Groundforce	4,201	4,267	66	52	14	EGEI2
Sustainability & Greenspace	352	300	(52)	(30)	(22)	
Bereavement Services	(1,127)	(1,129)	(2)	14	(16)	
Waste Management (incl. WDA levy)	19,562	19,559	(3)	(21)	18	EGEI3
Public Protection & Enforcement	762	805	43	25	18	
Parking Services	(537)	(656)	(119)	(122)	3	EGEI4
School Crossing Patrols	403	399	(4)	(50)	46	EGEI5
Strategic Support Services	511	486	(25)	(4)	(21)	
Sub-total Environment & Operations Portfolio	**27,522**	**27,371**	**(151)**	**(175)**	**24**	
Property and Development	2,654	2,664	10	10	0	EGEI6
Economic Growth	739	683	(56)	(67)	11	EGEI7
Housing Strategy	571	515	(56)	(59)	3	EGEI8
Strategic Planning & Development	542	519	(23)	(8)	(15)	
Planning & Building Control	(149)	(146)	3	54	(51)	EGEI9
Directorate Strategic Management	420	420	0	0	0	
Sub-total Economic Growth & Planning Portfolio	**4,777**	**4,655**	**(122)**	**(70)**	**(52)**	
Operational Services for Education (Catering & Cleaning Traded Service)	**(1)**	**(1)**	**0**	**0**	0	
Total Forecast Outturn Period 4	**32,298**	**32,025**	**(273)**	**(245)**	**(28)**	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highways and Network Management incl. Traffic & Transportation				
Income shortfall, including moving traffic offences	6	13	(7)	
GMRAPs income above budget	(10)	(13)	3	
Capital fee income shortfall	75	75	0	
Staff vacancies	(12)	(12)	0	
Running costs	(40)	(27)	(13)	
Energy – Street Lighting	(60)	(60)	0	
Depot & Business Support				
Supplies & Services	(14)	(15)	1	
Sub-total	**(55)**	**(39)**	**(16)**	EGEI1
Groundforce				
Staffing and Transport costs	55	40	15	
Other running costs – contractors, plant hire, fuel	11	12	(1)	
Sub-total	**66**	**52**	**14**	EGEI2
Sustainability & Greenspace				
Vacancy, supplies & services	(41)	(30)	(11)	
Income above budget	(11)	0	(11)	
Sub-total	**(52)**	**(30)**	**(22)**	
Bereavement Services				
Staffing and running costs	6	(6)	12	
Income shortfall (surplus)	(8)	20	(28)	
Sub-total	**(2)**	**14**	**(16)**	
Waste Management and Disposal				
Staffing and running costs	(13)	(32)	19	
Income – bulky and commercial waste	10	11	(1)	
Sub-total	**(3)**	**(21)**	**18**	EGEI3

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	**P4 Outturn Variance (£000's)**	**P3 Outturn Variance (£000's)**	**Period Movement (£000's)**	**Ref**
Public Protection & Enforcement				
Staffing costs	22	17	5	
Running costs	(6)	(15)	9	
Income shortfalls including licensing	27	23	4	
Sub-total	**43**	**25**	**18**	
Parking Services				
Staffing & running costs	(55)	(59)	4	
Oakfield Road car park remaining open	(120)	(120)	0	
Income – other locations	56	57	(1)	
Sub-total	**(119)**	**(122)**	**3**	EGEI4
School Crossing Patrols - vacancies	**(4)**	**(50)**	**46**	EGEI5
Director & Business Support				
Staffing and Running costs	**(25)**	**(4)**	**(21)**	
Sub-total Environment & Operations Portfolio	**(151)**	**(175)**	**24**	
Property and Development				
Investment Property Rental Income:				
- Urmston Town Centre – one-off surplus	(11)	(8)	(3)	
- Airport – surplus	(21)	(21)	0	
- Other properties - surplus	24	21	3	
Community buildings – income/running costs	29	29	0	
Admin Buildings running costs	(60)	(60)	0	
Facilities Management staffing vacancies	(21)	(21)	0	
Other running cost variances	13	13	0	
Major projects capital fee income	57	57	0	
Sub-total	**10**	**10**	**0**	EGEI6
Economic Growth				
Staffing vacancies	(58)	(68)	10	
Other running costs	2	1	1	
Sub-total	**(56)**	**(67)**	**11**	EGEI7

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	**P4 Outturn Variance (£000's)**	**P3 Outturn Variance (£000's)**	**Period Movement (£000's)**	**Ref**
Housing Strategy				
Staffing	(36)	(36)	0	
Running costs	(20)	(23)	3	
Sub-total	**(56)**	**(59)**	**3**	EGEI8
Strategic Planning & Development				
Staffing/running costs savings	**(23)**	**(8)**	**(15)**	
Planning & Building Control				
Planning applications income	(179)	(118)	(61)	
Building Control income shortfall	62	100	(38)	
Staffing including interim support	89	50	39	
Other running costs	31	22	9	
Sub-total	**3**	**54**	**(51)**	EGEI9
Sub-total Economic Growth & Planning Portfolio	**(122)**	**(70)**	**(52)**	
Total Forecast Outturn EGEI Period 4	**(273)**	**(245)**	**(28)**	

Summary Variance Analysis Period 4

All Services	**Savings £000**	**Staff £000**	**Running Costs £000**	**Income £000**	**Total Variance £000**
Period 3	0	(128)	(214)	97	(245)
Period 4	0	(48)	(182)	(43)	(273)
Period Movement	**0**	**80**	**32**	**(140)**	**(28)**

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

EGEI1 – Highways & Network Management - £(0.055)m (favourable)
Income generation of £(0.030)m is included in the budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project timeline has been re-phased to later in 2015/16.

Running costs are expected to be £(0.040)m under budget over a number of service areas, which is a favourable movement of £(0.013)m since last reported. This mainly reflects forecasts of maintenance costs in highways and street lighting up to the 4th July 2015 commencement date of the JVC with Amey.

Staffing is £(0.012)m underspent for the pre JVC period.

There is additional income above budget of £(0.010)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14.

Fee income from technical and consultancy work charged to capital schemes is projected to be £0.075m below budget due to the timing of capital works up to the commencement of the JVC contract.

Street Lighting energy costs are projected to be £(0.060)m less than budgeted based on latest projected usage volumes and the contract prices from April 2015. The wholesale price of energy which the Council procures influences only around 50% of the Council's energy bill. The remainder is influenced by transmission and distribution costs – for example Distribution Use of System Charges are passed on to us by the Distribution Network Operator, and are unavoidable. There is hence a risk of future cost increases not bound by the Council's contracted prices.

EGEI2 – Groundforce - £0.066m (adverse)
Staffing, plant, contractor and transport costs are £0.066m overspent for the period up to the commencement of the JVC contract, an adverse movement of £0.014m since last reported.

EGEI3 – Waste Management and Disposal - £(0.003)m (favourable)
There is an underspend in staffing and contract costs of £(0.013)m for the period prior to the commencement of the JVC contract. This is £0.019m lower than last reported as final bills from the previous waste provider have now been received. Bulky waste and commercial waste income is £0.010m less than expected for this period.

EGEI4 – Parking Services – £(0.119)m (favourable)
The approved budget from 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.120)m above budget, which has continued from last year.

Other car parking income is projected to be £0.056m under budget, which includes for the period of relaxed enforcement shortly after the recent change in prices.

The parking enforcement contract and other running costs are expected to be £(0.055)m underspent.

EGEI5 – School Crossing Patrols – £(0.004)m (favourable)
There is a small forecast underspend on staffing. This is £0.046m less than the previous report due to recent successes in filling vacant posts.

EGEI6 – Property and Development - £0.010m (adverse)

Manchester Airport rent is £(0.021)m above budget following notification from Manchester City Council of new rent levels.

Other let estate rental income is expected to be below budget across the property portfolio totalling £0.013m

Forecast fee income from capital and external projects is £0.057m less than budgeted for the period up to the commencement of the JVC contract which reflects the phasing of capital works.

Administrative building running costs are less than expected across the portfolio by £(0.060)m. This includes a £(0.053)m underspend relating to the catering concession at Altrincham Town Hall.

EGEI7 – Economic Growth Team – £(0.056)m (favourable)

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area. There is an adverse movement of £0.011m from last reported due to revised forecasts of vacant posts.

EGEI8 – Housing Strategy – £(0.056)m (favourable)

Staffing costs are forecast to be £(0.036)m underspent due to secondments, with running costs including the housing options contract £(0.020)m underspent.

EGEI9 – Planning and Building Control – £0.003m (adverse)

Projected income from planning fees is £(0.179)m higher than budgeted which is a trend continuing from last financial year. This is a favourable movement of £(0.061)m based on latest income forecasts. There is a projected shortfall in income from building control fees of £0.062m, which is also a continuation of difficult trading conditions and external competition. The shortfall had reduced by £(0.038)m since last reported as the service reviews its business plan to improve its financial position. Both fees are monitored regularly.

There is a projected overspend on staffing of £0.089m which 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 and is £0.039m higher than last reported. The permanent filling of vacant posts will be addressed by the on-going restructure of the combined Directorate. Running costs are £0.031m higher than budget.

EGEI10 – Traded Services (Catering and Cleaning)

There is a net traded surplus forecast for the end of March 2016 of £(0.150)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 is earmarked to continue the investment in the service. This is particularly to improve readiness for the new academic year in September 2016.

ANNEX 3

TRAFFORD MBC

Report to:	**Transformation and Resources Directorate Management Team**
Date:	**27 August 2015**
Report for:	**Discussion**
Report author:	**Finance Manager**

<u>Report Title</u>

<u>Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015)</u>

1. Forecast Outturn for the Year

1.1 The approved revenue budget for the year is £17.059m with a forecast outturn of £16.934m which is £(0.125)m less than the approved budget. This is a favourable movement of £(0.041)m since last reported. The key variances and movements are shown in section 2 below and Appendix 1.

1.2 The variance of £(0.125)m and £(0.041)m movement from last report can be summarised as follows:

- Management of vacancies £(0.333)m, a favourable movement of £(0.088)m;
- Cost control in running expenses £(0.113)m, adverse movement of £0.024m;
- Reduction in forecast level of savings £0.293m, adverse movement of £0.010m;
- Reduced income £0.028m, adverse movement of £0.013m.

1.3 The Directorate has brought forward balances of £(1.501)m from previous years (section 3). This will be utilised to support initiatives to reshape Trafford and deliver future efficiencies and income generation. The balance after known commitments and the forecast outturn is £(1.239)m.

2. Summary of Variances

2.1 The overall favourable variance of £(0.125)m reflects a number of individual under and overspends across the Directorate, with comments on the main variances from budget and movements from the last report shown below.

Staffing

2.2 Forecast staffing costs based on actual and projected vacancies are £(0.333)m less than budget across the Directorate. Vacancy levels are projected to be approximately 1.8% higher than assumed in the setting of the 2015/16 budget, and is a consequence of a delay in appointing to a number of vacancies on some service restructures. Vacancies are forecast on a post by post basis each month and the projected underspend has increased by £(0.088)m from the last report.

Running Costs

2.3 Overall running costs are forecast to be £(0.038)m less than budgeted, This is a result of cost control across all services in order to keep the overall Directorate spend within budget for the year. There is an adverse movement of £0.019m since last reported relating to minor variations across the Directorate. In addition a one-off saving will be realised of £(0.075)m as a result of a settlement of a claim in relation to supplier performance in ICT where liability has been acknowledged, which is £0.005m less than previously reported.

Savings

2.4 The £0.293m shortfall in savings relates to Library Service and ICT proposals for 2015/16 of £0.164m and £0.129m respectively. Further details are listed below in paragraph 4.

Income

2.5 The £0.028m net shortfall in external income includes £0.060m from CCTV services. Work is on-going to redesign the CCTV service delivery model which will address the budget pressure, which has been continued from 2014/15, and will deliver sustainable benefits going forward.

2.6 Additional income shortfalls are reported this month relating to legal land charges £0.011m, council tax liability order income £0.025m, and internal legal costs charged to capital schemes £0.022m. These income streams are affected by external factors and levels of staff vacancies, and the aim is to mitigate these in line with budget for the remainder of the year.

2.7 These income shortfalls are offset in the main by £(0.048)m of additional income from grants in the Revenues and Benefits Service. The Revenue and Benefits Service has had a number of grants awarded in-year and rolled forward from 2014/15 to support spending, leading to the favourable variance from the budget. Projected additional income is also included in this month's report relating to events and advertising £(0.023)m and Human Resources external agency work £(0.015)m.

3. Reserves

3.1 At the end of 2014/15 the Directorate had a surplus of £(1.501)m in its reserve, which has been carried forward to 2015/16. This was a result of the successful management of the budget in previous years.

3.2 The remaining balance on the T&R Directorate Reserve after the forecast outturn for 2015/16, future known commitments and re-phasing of projects is £(1.239)m (table below). The T&R Reserve will be utilised on initiatives and project based activity in support of Reshaping Trafford and also to generate future savings and income generation. Commitments will be underpinned by business cases and will be reviewed each month as the financial year progresses.

Utilisation of Carry forward Reserve 2015/16	**(£000's)**
T&R Surplus balance brought forward at 1 April 2015	(1,501)
Commitments 2015/16 (*)	387
Period 4 forecast outturn (favourable)	(125)
Balance after known commitments	**(1,239)**

(*) these are under review

4. Savings

4.1 The T&R budget for 2015/16 includes savings of £(2.848)m. This originally included £0.550m in respect of the libraries rationalisation but this figure was revised down by £0.050m when the outcome of the second phase of consultation was reported to Executive in March 2015. This reduction has been met from savings in the Treasury Management budget as a consequence of rephasing of the capital programme in 2014/15. The updated T&R savings target for 2015/16 is therefore £(2.798)m and actual savings of £(2.566)m are forecast to be achieved with £0.232m of savings re-phased and £0.061m requiring alternative solutions.

Saving Description	Savings Shortfall (£000's)
Libraries re-phased saving (a)	164
ICT re-phased procurement savings (b)	68
ICT savings not able to be realised (b)	61
Total	**293**

4.2 The shortfall in savings delivery is reflected in the forecast outturn and are summarised below:

(a) Libraries – an overall £(0.500)m saving is included in the approved revenue budget. This includes both staffing and property cost reductions. Due to additional consultations and re-phasing of delivery plans, £(0.336)m is expected to be achieved in 2015/16 with a shortfall of £0.164m with the full year impact delivered during 2016/17. This shortfall is due to a delay in the closure of libraries; Bowfell, Davyhulme and Lostock, and the redevelopment of Hale and Timperley Libraries and following changes to in-year delivery at Coppice as part of the consultation process. The shortfall is £0.010m higher that last reported due to revised forecasts of property costs. Sustainable mitigation with regard to the overall shortfall is under consideration.

(b) ICT savings of £(0.750)m are included in the approved budget. This includes staffing and contract procurement reductions. Savings of £(0.621)m are forecast to be achieved in 2015/16; a shortfall of £0.129m. £0.068m of the shortfall relates to procurement processes which have taken longer than planned, but are currently due to be delivered at the latest, in January 2016, although work is currently underway to potentially bring this position forward, by two months by reducing the tender period, subject to Procurement approval, which would give additional benefits in this financial year. Savings of £0.061m will not be achieved following a further technical assessment of individual proposals. This relates mainly to the installation of new back up arrangements where realisation of the saving is now unlikely and alternative measures are being sought, including a plan to identify all third party spend for review, with the aim of looking for additional opportunities to aggregate to less suppliers and re tender contracts.

4.3 The corporate design and print saving target of £(0.113)m is due to be delivered in 2015/16. The contract has been awarded and is currently being implemented and savings directly in relation to the contract will be realised for the remainder of the year. This budget saving is forecast to be achieved in full and will include savings from a general reduction in print as the 'digital first' strategy is rolled out. The overall saving will be distributed as a virement across all relevant Council budgets accordingly, before the next monitoring report.

4.4 The shortfall in savings against budget is forecast to be fully mitigated by in year net underspends from the management and monitoring of the whole Directorate budget (e.g. through vacancies, running costs, income generation).

5. Forecasting and Risk

5.1 The key assumptions and areas of risk in the forecast outturn are:

- Court costs and Barrister fees are volatile, with the quantity of cases being determined in-year and the costs of the individual cases being highly variable.
- The approved budget and forecasts include assumptions around staff turnover and vacancies – this is approximately 3.5% of the staffing costs on average. The actual level and timing of vacancies is difficult to predict on a service by service basis but trends from recent years indicate overall underspend projections will increase as the year progresses.
- External income can relate to external factors which are difficult to predict, such as customer behaviour, and can also be affected by unexpected changes in levels of staff vacancies.

6. Recommendations

6.1 It is recommended that the forecast outturn be noted.

Appendix 1

Period 4 Forecast Outturn revenue expenditure and income variances.

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

Transformation and Resources Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Forecast Variance (£000's)	P3 Forecast Variance (£000's)	Period Movement (£000's)
Legal and Democratic Services	2,557	2,543	(14)	(91)	77
Access Trafford	2,546	2,680	134	124	10
ICT Services	2,041	2,069	28	1	27
Communications	143	69	(74)	(57)	(17)
Finance Services	4,527	4,353	(174)	(106)	(68)
Partnerships and Communities	1,543	1,619	76	45	31
Culture and Sport	1,160	1,160	0	0	0
Human Resources	1,977	1,876	(101)	0	(101)
Executive	372	372	0	0	0
Transformation	193	193	0	0	0
Total Forecast Outturn Period 4	**17,059**	**16,934**	**(125)**	**(84)**	**(41)**

Transformation and Resources Business Reason / Area (Subjective analysis)	**P4 Outturn Variance (£000's)**	**P3 Outturn Variance (£000's)**	**Period Movement (£000's)**
Legal and Democratic Services			
Staff vacancies net of agency costs	(43)	(87)	44
Income shortfall – land charges	11	0	11
Fee income from capital schemes - shortfall	22	0	22
Additional income – StaR Procurement	(4)	(4)	0
Sub-total	**(14)**	**(91)**	**77**
Access Trafford			
Re-phased Library savings	164	154	10
Staff vacancies – contact centre	(30)	(30)	0
Sub-total	**134**	**124**	**10**
ICT Services			
Re-phased savings – contact procurement	68	68	0
Other savings shortfall	61	61	0
Staff vacancies	(26)	(48)	22
One-off contract refund	(75)	(80)	5
Sub-total	**28**	**1**	**27**
Communications			
Staffing and running costs	(51)	(57)	6
Events and advertising income	(23)	0	(23)
Sub-total	**(74)**	**(57)**	**(17)**
Finance Services			
Staff vacancies	(151)	(64)	(87)
Government Grants – Revenue and Benefits	(48)	(42)	(6)
Council tax liability order income - shortfall	25	0	25
Sub-total	**(174)**	**(106)**	**(68)**
Partnerships and Communities			
CCTV income shortfall	60	61	(1)
Staff Vacancies	3	(16)	19
Running costs	13	0	13
Sub-total	**76**	**45**	**31**

Transformation and Resources Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)
Human Resources			
Staff vacancies	(86)		(86)
External agency income	(15)		(15)
Sub-total	**(101)**	**0**	**(101)**
Total Forecast Outturn T&R Period 4	**(125)**	**(84)**	**(41)**

Summary Variance Analysis Period 4

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 3	283	(245)	(137)	15	(84)
Period 4	293	(333)	(113)	28	(125)
Period Movement	**10**	**(88)**	**24**	**13**	**(41)**

ANNEX 4

TRAFFORD COUNCIL

Report to:	**Director of Finance**
Date:	**27 August 2015**
Report for:	**Information**
Report author:	**Interim Head of Financial Management**

Report Title

Revenue Budget Monitoring 2015/16 – Period 4 Outturn - Council-wide Budgets (April 2015 to July 2015 inclusive)

1 Outturn Forecast

1.1 The current approved revenue budget for the year is £23.717m. The outturn forecast is £22.690m, which is £(1.027)m under the budget, a favourable movement of £(0.178)m since the last report.

1.2 Appendix 1 details by variance area the projected outturn as compared to the approved revenue budget, with the main variances being;

- Treasury Management: £(0.648)m relating to Manchester Airport Group (MAG) dividend received above budget, £(0.034)m increased investment interest from favourable cash flows and a reduction in loan interest payable of £(0.011)m .
- Business Rates - favourable impact on the Council-wide budget, £(0.170)m (see paragraphs 12 to 15 of the covering report);
- Housing and Council Tax Benefits overpayment recovery net variance of £(0.122)m;
- Members expenses – full year effect of the savings as a result of changes to the Members Allowances Scheme in September 2014, £(0.036)m and the new Government pension regulations which came into effect on 1 April 2014, £(0.014)m.
- Other minor variances of £0.008m.

2 Service carry-forward reserve

2.1 Council-wide budgets do not have their own carry forward reserve, and the above underspend will be transferred to the General Reserve, as detailed in the summary report.

3 Forecasting and Risk

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

- Average investment rates will be 0.7% with a cash flow of £94m.

- There will be no further Airport dividend.

- The £20m Royal Bank of Scotland variable loan will be 7.0%. There is a smoothing reserve to mitigate large variations from this assumption.

- Contingency budgets for doubtful debts and the costs of re-organisation following the implementation of budget and other savings will be sufficient. There is a contingency reserve for re-organisation costs should budgets prove insufficient.

- Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.

- The in-year increase for the provision for bad and doubtful debts will be in line with budget.

3.2 The original budget for 2015/16 included a one off allowance of £0.700m as a general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16. The budget will be released during the year, with the approval of the Director of Finance, to alleviate any unforeseen slippage. The original budget was held within Council-wide and for the purposes of budget monitoring has been assumed to be fully committed. However to date, £0.085m has been released to cover budget pressures regarding Market Management and £0.055m for Gorse Hill Studios, leaving an unallocated balance of £0.560m.

Appendix 1

Period 4 Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,695	17,686	(9)	(8)	(1)	
Provisions (bad debts & pensions)	2,480	2,480	0	0		
Treasury Management	7,869	7,176	(693)	(693)		C-W1
Insurance	875	875	0	0		
Members Expenses	904	854	(50)	0	(50)	C-W2
Grants	(6,645)	(6,640)	5	5		
Business Rates	350	180	(170)	(165)	(5)	C-W3
Other Centrally held budgets	189	79	(110)	12	(122)	C-W4
Total	**23,717**	**22,690**	**(1,027)**	**(849)**	**(178)**	

Business Reason / Area (Subjective analysis)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Treasury Management:				
- MAG Dividend	(648)	(648)		C-W1
- Investment Income	(34)	(34)		C-W1
- Debt Management	(11)	(11)		C-W1
Members Allowances	(50)	0	(50)	C-W2
Business Rates	(170)	(165)	(5)	C-W3
Housing & Council Tax benefits	(122)	0	(122)	C-W4
Flood Defence levy	(8)	(8)		
Council Tax compensation grant	5	5		
Payment Card Industry (PCI) compliance	2	2		C-W4
VAT claims - legal fees	10	10		C-W4
Subscriptions	(1)	0	(1)	
Total	**(1,027)**	**(849)**	**(178)**	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(0.693)m (favourable), £nil movement

Investments – £(0.682)m
This additional income has been created mainly as a result of:

- the dividend from Manchester Airport Group (MAG) has recently been announced as £(2.0)m, which is £(0.648)m above budget;
- a favourable increase in cash flow, generating £(0.034)m of additional investment income, primarily due to capital programme rephasing and grant monies received ahead of schedule.

Debt – £(0.011)m

- lower than anticipated loan interest payable £(0.011)m.

C-W2 – Members Expenses - £(0.050)m (favourable), £(0.050)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 have generated annual savings of approximately £(0.036)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 over 3 years. The budget saving in 2015/16 will be £(0.014)m.

C-W3 – Business Rates - £(0.170)m (favourable), £(0.005)m favourable movement

See notes and table in paragraphs 12 to 15 in the covering report.

C-W4 – Other Centrally held budgets - £(0.110)m (favourable), £(0.122)m favourable movement

- **Housing & Council Tax Benefits - £(0.122)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 2015/16 is £(0.015)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 £(0.107)m within the Housing Benefit budget, as a consequence of a reduction in the net amount of Housing Benefit being paid out.

- **Other minor variances £0.012m.**