

Report To:	EXECUTIVE CABINET
Date:	22 March 2017
Executive Member/ Reporting Officer:	Cllr J M Fitzpatrick - First Deputy (Performance and Finance) Ian Duncan – Assistant Executive Director (Finance)
Subject:	REVENUE MONITORING – QUARTER 3 2016/17
Report Summary:	<p>This report shows that at Quarter 3 the overall net service projected outturn revenue position for 2016/17 is £0.476m under budget. Strong budget management is required across the Council to ensure that its financial plans are achieved and that the Council is therefore able to control budgetary pressures in future years.</p> <p>The budget for corporate costs is currently forecast to be £4.305m under budget. This can change during the year and will be kept under review.</p>
Recommendations:	<ul style="list-style-type: none"> (i) That the changes to revenue budgets as set out at Appendix 1 are approved. (ii) That the projected revenue outturn position is noted for services experiencing budgetary pressures that they identify plans to bring down the extent of the expenditure above budget. (iii) That the detail for each service area is noted. (iv) That authority be delegated to the Chief Executive to agree a sum (section 6.4 refers) to be paid to the Tameside & Glossop NHS Integrated Care Foundation Trust (T&G NHS ICFT) as previously approved within the 2015/16 Council revenue outturn monitoring report presented to the Executive Cabinet on 29 June 2016. (v) To approve the sum of £0.250 million for the supply of professional services to the Care Together programme as outlined in section 6.6 of the report.
Links to Community Strategy:	Budget is allocated in accordance with the Community Strategy.
Policy Implications:	Budget is allocated in accordance with Council Policy.
Financial Implications: (Authorised by the Section 151 Officer)	This quarter 3 monitoring report for the current financial year forecasts that expenditure will be contained within the approved budget. This is important as a firm foundation is needed upon which to build plans to meet the challenges identified by the Medium Term Financial Strategy (MTFS) for the period 2016-2020.
Legal Implications: (Authorised by the Borough Solicitor)	There is a statutory duty to ensure the Council sets a balanced budget and that it is monitored to ensure statutory commitments are met.

Risk Management:

Failure to properly manage and monitor the Council's budgets will lead to service failure and a loss of public confidence.

Access to Information

The background papers relating to this report can be inspected by contacting the report writer, Ian Duncan, Assistant Executive Director (Finance) by:



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1 INTRODUCTION

- 1.1 This is the third revenue monitoring report of the 2016/17 financial year. The report summarises the projected revenue outturn position for service areas of the Council at the 31 March 2017.
- 1.2 Details of the various sections and Appendices within the report are shown below:
- **Section 2:** changes to the budget since September 2016.
 - **Section 3:** a summary of the budget and revenue financial position for Service areas.
 - **Section 4:** savings update.
 - **Section 5:** Business Rates and Council Tax collection performance.
 - **Section 6:** commentary about the financial challenges in the local health and social care economy.
 - **Section 7:** the recommendations of this report.
 - **Appendix 1:** details the changes to the Council's in-year revenue budget since September 2016
 - **Appendix 2:** details for each Directorate showing the revenue outturn position and:
 - an explanation of significant variations to budget;
 - an analysis of expenditure and income.
 - **Appendix 3:** analysis of the Council Tax and Business Rates collection performance.
- 1.3 This report details Directorates' projected revenue outturn position for 2016/17 against budgets for the year and shows the net of income and expenditure as a variation to budget.
- 1.4 Also included within the report are details for those budgets that are held corporately and the projected outturn position. These budgets include the cost of capital financing, democracy and where service areas are unable to affect spend against budget e.g. AGMA costs.
- 1.5 Separate tables, which break down the budgets into elements of expenditure and income, are included in **Appendix 2**, to show how Directorates are utilising their allocated funding.

2 SUMMARY OF CHANGES TO THE BUDGET

- 2.1 There have been no adjustments to the net budget since Quarter 2; the budget at Quarter 3 is £162.3m. Details of the transfers between services since Quarter 2 monitoring are set out in **Appendix 1**.

3 SUMMARY OF THE FINANCIAL POSITION

- 3.1 This report shows that at Quarter 3 the service overall projected net revenue expenditure for the 2016/17 financial year is expected to be £0.476m less than the updated budget.

Table 1 – projected outturn revenue position for 2016/17

Directorate	Service	2016/17 Budget £000	Outturn £000	Variation to Budget £000
People	Childrens Social Care	25,878	28,109	2,231
People	Education	3,313	3,185	(128)
People	Adult and Early Intervention Services	41,995	43,199	1,204
	Total Director of People	71,186	74,493	3,307
Place	Asset and Investment Partnership Management	5,012	5,849	837
Place	Environmental Services	46,999	45,482	(1,517)
Place	Development Growth and Investment	2,286	2,264	(22)
Place	Digital Tameside	1,817	1,707	(110)
Place	Stronger Communities	7,096	6,766	(330)
	Total Director of Place	63,210	62,068	(1,142)
Public Health	Director of Public Health	1,400	1,473	73
Governance and Resources	Director of Governance and Resources	9,979	7,265	(2,714)
	Total Service Position	145,775	145,299	(476)

- 3.5 The overall net position is for service expenditure to be within budget and is a combination of variances, both over and under budget, as summarised above. Fuller details are set out in **Appendix 2**.
- 3.6 The revenue position reported needs to be considered in the context of the Council's Medium Term Financial Strategy (MTFS). Below is a summary from the MTFS which shows the £14 million savings in 2016/17. This has already been incorporated into service areas budgets. An updated MTFS will be presented to Full Council on the 28 February 2017 and will detail the remaining gap to be addressed by 2019/20.
- 3.7 In addition to service budgets, there are corporate budgets which are held to pay for corporate costs such as levies, loan debt etc. as well as the means to cope with in-year volatility. It is currently forecast that this will be £4.3 million less than budget; this is after contributions to earmarked reserves.

Table 2

Directorate	Corporate Budgets	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Other	Corporate Costs, Capital and Financing and Other Cost Pressures	16,526	12,221	(4,305)
	Total	16,526	12,221	(4,305)

4 SAVINGS

- 4.1 Savings targets were allocated in line with consideration of the Council's core purpose, policy priorities, and assessed risks. The Council agreed a savings target of £14 million for 2016/17 as part of a two year budget plan. Detailed savings proposals were drawn up for 2016/17 and agreed by Full Council in February 2015. The current forecast of the achievement of the savings targets shown in the table below is linked directly to the projected outturn for service areas and it is assumed that services are achieving their targets if they are projecting an outturn less than the budget.

Table 3

Directorate	2015/16 Savings Target £000	2016/17 Savings Target £000	Total
People	17,186	5,856	23,042
Public Health	380	350*	730
Place	2,228	-	2,228
Governance and Resources	556	-	556
Corporate Savings	700	3,589	4,289
Capital and Financing	3,000	4,305	7,305
Total	24,050	14,100	38,150

* excludes reduction in Public Health grant of £363k

5 COUNCIL TAX AND BUSINESS RATES

- 5.1 The Business Rates Retention Scheme means that variations in the level of Business Rates income collected has a direct impact on Council resources. The level of Council Tax income collected remains an important area for the Council as any shortfall in the level of Council Tax income also has a direct impact on Council resources.
- 5.2 At Quarter 3 the level of Council Tax income is under target collection rates and Business Rates are exceeding the target. Both areas will be closely monitored during the financial year and continue to target income collection. **Appendix 3** includes two tables that show how the Council is performing against target collection rates in both Business Rates and Council Tax.
- 5.3 The Business Rate's collection fund will be balanced at year end from a contribution from earmarked reserves. This will assist in future planning for Business Rates.

6 CARE TOGETHER

- 6.1 Under Care Together a single body will commission health and social care services. The single commissioning function is made up from Tameside & Glossop Clinical Commissioning Group and Tameside Council. The Care Together vision is to significantly raise healthy life expectancy by focussing on health and care needs of communities with a view to achieving better prosperity, health and wellbeing and to deliver a clinically and financially sustainable health and social care service with the next five years.
- 6.2 On the financial front a first step was to enter into a section 75 agreement with Tameside and Glossop CCG to pool resources, with each organisation agreeing to be responsible for its own financial risks in this first year. The governance arrangements are that the Single Commissioning Management Team and the Single Commissioning Board receive regular budget monitoring reports and will agree mitigating actions as appropriate. The financial

information in respect of council services provided to the single commissioning bodies is consistent with information included in the Council's budget monitoring reports albeit there can be timing differences between the two.

- 6.3 In working towards financial sustainability across the whole health and social care economy i.e. including Tameside Hospital Foundation Trust, a single consolidated financial report is now produced. This is showing a forecast collective deficit of £5 million in 2016/17 and this is forecast to grow in the following year. Short and medium term options are being worked upon to minimise this position. Revenue financial position is shown below:

Table 4

Description	Year to Date (M9)			Year End Forecast			Movement	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Budget	Actual	Variance	Budget	Forecast	Variance	Previous Month	Movement in Month
Tameside & Glossop CCG	284,385	285,484	(1,099)	384,790	386,126	(1,336)	(2,517)	1,181
Tameside MBC	51,936	54,568	(2,632)	69,272	72,781	(3,509)	(3,371)	(138)
Total Single Commissioner	336,321	340,052	(3,731)	454,062	458,907	(4,845)	(5,888)	1,043
ICFT Deficit	(12,971)	(12,881)	90	(17,300)	(17,300)	0		
Total Wole Economy			(3,641)			(4,845)	(5,888)	1,043

The month 9 consolidated report can be found at:

<http://tameside.moderngov.co.uk/documents/s14636/ITEM%20a%20-%20Care%20Together%20Economy%20Revenue%20Monitoring%20Statement%20FINAL.pdf>

- 6.4 On 29 June 2016, the Executive Cabinet approved the payment of a non recurrent sum to the Tameside & Glossop NHS Integrated Care Foundation Trust (T&G NHS ICFT) via Council reserves. The maximum sum approved was £ 2.300 million, of which £ 0.750 million has been paid to date. Approval was granted within the 2015/2016 Council revenue outturn monitoring report. The sum was approved to support the significant pressures in the urgent care system and to alleviate potential regulatory intervention. It was contingent on T&G NHS ICFT delivering a robust plan that outlines how the urgent care system will transform from the current working arrangements to the developing new urgent care village.
- 6.5 It should be noted that the Council has recently facilitated a procurement process to provide services to the Care Together programme director, project support team and key local partners to effectively implement the delivery phase of the Care Together programme. The services will cover the following:
- The establishment of an effective programme management framework
 - The delivery of specified outcomes required for the Tameside and Glossop health and social care system

PricewaterhouseCoopers LLP were commissioned to deliver these services for a maximum sum of £ 0.250 million (excluding VAT) which will be financed via Council reserves.

7 RECOMMENDATIONS

- 7.1 As stated on the report cover.

APPENDIX 1

Budget changes up to Quarter 3 – for approval

	Director of People £000	Director of Place £000	Public Health £000	Governance and Resources £000	Corporate Budgets, Capital Financing and Corporate Pressures £000	Total £000
Budget agreed at Q2 2016/17	78,284	56,113	1,401	9,979	16,524	162,301
<i>Virements of Budget</i>						
Transfer of Stronger Communities service to Place directorate	(7,097)	7,097				0
Budget at Q3 2016/17	71,187	63,210	1,401	9,979	16,524	162,301

APPENDIX 2

DIRECTOR OF PEOPLE

1. CHILDREN'S SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Childrens Social Care	25,878	28,109	2,231
Education	3,313	3,185	(128)
TOTAL	29,191	31,294	2,103

a. Overview

Reasons for the significant variations to budget:

Children's

Employee Expenses:

£000

Employee costs are in excess of budget due to a number of additional Social Workers and agency Social Workers being employed to address caseload capacity issues.

472

External Agency Placements - Residential/Fostering and Internal Carer Payments:

External Residential and Foster Care Placements and Internal Carer Payments - Current estimates are that the spend will be above budget. Looked After Children Numbers have increased significantly from 435 at April 16 to 479 at December 16. It should be noted that the service is exposed to significant risk of costs and additional unexpected and complex needs placements throughout the year which could have an effect on these costs.

688

Original Savings yet to be realised - Eligibility Threshold Reductions,

215

Original Savings yet to be realised - Boyds Walk Residential saving of external compared to internal

380

Original Savings yet to be realised - Closure of St Lawrence Road

100

Original Savings yet to be realised - Further reductions to External Residential and Fostering Placements

165

Borrowing Costs for the purchase of two new children homes

40

Sales, Fees and Charges:

Reduction in Inter Agency Adoption fees and other minor variations under £0.05m

227

Other Variations:

Other variations amount to £0.056m under budget. The following have been identified as significant areas of variation: Contractual increase on Childrens Right Return Interviews for Missing Childrens Service (£0.1m); remand placement expenditure in excess of grant (£0.066m); inter agency adoption fees and concurrent planning placements in excess of budget due to limited number of adopters (£0.081m). This is offset by lower than anticipated costs for IT related expenditure (£0.058) and efficiencies in Early Help have leading to a reduction in anticipated spend (£0.09m) and other minor variations under £0.050m. (56)

Children's Total **2,231**

Education

Employee Costs **£000**

Expenditure is below budget on employee costs due to the vacant Head of Schools Performance & Standards position (£0.085m), some part year vacancies (£0.064m), a reduction/re-distribution of staff within the Pupil Support Service (0.106m) and other minor variations under £0.050m. (351)

Special Education Transport

Minor Variations Under £0.050m 41

Other Expenditure

Other Expenditure is below budget due to both the traded Governors Support (£0.062m) and Education Psychology (£0.068m) services spending less on external support and resources than originally planned, along with other minor variations of less than £0.050m. However, additional funding for children with Special Educational Needs to Mainstream Schools is required (£0.075m) but this will be funded from the Schools Funding Reserve. 4

Non-Academy Schools Income

Income is less than budgeted for Non Academy Schools due to a reduction in the buy in from schools to the Behaviour for Learning & Inclusion Service (£0.185m), to the Equality, Multicultural and Access Team (£0.087m) and the Governors Training Traded Service (£0.028m) offset by minor variations under £0.050m). 271

Academy Schools Income

Minor Variations Under £0.050m (21)

Sales, Fees & Charges

Minor Variations Under £0.050m 10

Other Income

Minor Variations Under £0.050m (3)

Use of one-off monies

A draw down on the Schools Funding Reserve is required to for children with Special Educational Needs to Mainstream Schools (£0.075m), along with other minor variations under £0.050m. (80)

Education Total **(128)**

2. ADULT AND EARLY INTERVENTION SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Adult Social Care	41,995	43,199	1,204
TOTAL	41,995	43,199	1,204

a. Overview

£000

Adults and Early Intervention

Removal of payment for the performance element of BCF has resulted in changes to national conditions around NHS commissioned out of hospital services. There is a minimum requirement in 2016/17 to invest £4.4m of the overall BCF allocation into these services which represents an increase of £1.12m on the previous year's figure. Consequently this has resulted in a £1.12m reduction in the BCF resource available to fund Adult Social Care

1,120

The CCTV service has transferred to Adults with insufficient funding for this service. Current projected costs have reduced from Qtr. 2 however ongoing work is being carried out to understand the full costs associated with this service.

80

Minor variations.

4

Adults and Early Intervention Total

1,204

DIRECTOR OF PUBLIC HEALTH

3. DIRECTOR OF PUBLIC HEALTH

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Director of Public Health	1,400	1,473	73
TOTAL	1,400	1,473	73

a. Overview

	£000
Resourcing of the Active Tameside capital investment prudential borrowing repayment.	154
Efficiencies identified through reductions in contracts and staffing.	(81)
Public Health Total	<u>73</u>

DIRECTOR OF PLACE

4. ASSET AND INVESTMENT PARTNERSHIP MANAGEMENT

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Asset and Investment Partnership Management	5,012	5,849	837
TOTAL	5,012	5,849	837

a. Overview**Corporate Landlord****£000**

The variation relates to those costs which are incurred where there are potential capital receipts and it is greater than that allowed to be netted against the capital receipt, for example small plots of land. 150

Ongoing expenditure in relation the building repairs and maintenance 271

Rochdale data centre expenditure in excess of budget. 56

Reduction in under £10k capital receipts that are utilised within the service budget. 40

Target basic needs funding ceased in 15/16. 187

Dukinfield Cemetery And Crematorium Business Rates reimbursement backdated to 2010. (196)

Rent Reductions 26

Estates

Reduction in the amount of income generated. 231

Catering

The repairs and maintenance costs for the heavy catering equipment to bring these up to standard are greater than estimated 72

Asset and Investment Partnership Management Total 837

5. ENVIRONMENTAL SERVICES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Environmental Services	46,999	45,482	(1,517)
TOTAL	46,999	45,482	(1,517)

a. Overview

£000

Expenditure less than budget as a result of vacant posts across the service following full review of Cost of Establishment for Environmental Services, all posts are expected to be filled. (744)

Expenditure in excess of budget for Car Parks £127k, related equipment purchase and works Premises related costs, Operations - Estate Recharges- £66k other minor variations below £0.050m across the service £119k. 312

Income in excess of budget for Car Parks Pay & Display income (£168k), Traffic Flow Management (£180k), Gmraps (£25k), Contribution from Public Health (£60k) off set by anticipated reduction in income from Car Park passes £92k and Car Park Excess Fee Notice Income £96k and other minor variations below £0.050m across the service (£23k). (268)

Expenditure in excess of budget for costs associated with Winter Maintenance £200k. 200

Income in excess of budget as a result of additional income generated from Highways Projects (£125k), other minor variations below £0.050m across the service £16k. (109)

Contribution towards fleet replacements for Operational plant, vehicles and equipment. 112

Savings identified 2016/17. (1,020)

Environmental Services Total (1,517)

6. DEVELOPMENT GROWTH AND INVESTMENT

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Development Growth and Investment	2,286	2,264	(22)
TOTAL	2,286	2,264	(22)

a. Overview

£000

Expenditure below budget for Employee costs as a result of vacant posts across the service. (281)

One off unbudgeted commitments for various economic growth and regeneration initiatives across the borough £201k, and other minor variations across the service below £0.050m £98k. 299

Employment & Skills grant funding from Salford City Council - Apprenticeship scheme. (30)

Income less than budget for the following areas:

Ground Rental Income, £40k

Building Control, £120k as a result of vacant posts, therefore inability to complete work 192

Land Charges, £10k

Other minor variations below £0.050m, £2k

Higher than anticipated income in the Agency Service responsible for delivering the increased Disabled Facilities Grant funded Capital scheme for 2016/17 (£50k) and unbudgeted capital project related income from Transport for Greater Manchester (£20k), Other minor variations below £0.050m (£2k) (72)

Savings being planned 2016/17 to be used to support service re-designs. (130)

Development Growth and Investment Total (22)

7. DIGITAL TAMESIDE

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Digital Tameside	1,817	1,707	(110)
TOTAL	1,817	1,707	(110)

a. Overview

£000

The majority of this variation relates to prior year schools information management system income from Academies and Schools (110)

8. STRONGER COMMUNITIES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Stronger Communities	7,096	6,766	(330)
TOTAL	7,096	6,766	(330)

a. Overview

£000

Reduction in Supporting People contracts in effect from part way through the year, full year effect will materialise in 2017/18. 33

Contract variation for homelessness demographics due to change in legislation increasing demand not coming into effect until 1st October 2016, waiver for 10 units of temporary supported accommodation for homeless households full year effect of £52k. (106)

Contract variation for supporting people & homelessness contracts to pay living wage not coming into effect until 1st October 2016, when materialised only effected 3 members of staff. (162)

One off efficiencies materialising from delays in filling posts. (16)

Ad-hoc efficiencies across Stronger Communities. (79)

Stronger Communities Total (330)

DIRECTOR OF GOVERNANCE AND RESOURCES

9. DIRECTOR OF GOVERNANCE AND RESOURCES

	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Director of Governance and Resources	9,979	7,265	(2,714)
TOTAL	9,979	7,265	(2,714)

a. Overview**£000**

Reductions in employee expenditure as a result of severance, ongoing restrictions in recruitment and delays in the implementation of service redesign have resulted in a projected expenditure level of £1,714k under budget across the service. (1,714)

Ongoing restrictions in expenditure and efficiencies across the service have resulted in a projected expenditure level of £531k under budget. (531)

Projected income levels in excess of budget provision across the service area and minor variations below £0.050m across the service. (469)

Director of Governance and Resources Total **(2,714)**

CORPORATE BUDGETS

10. CORPORATE COSTS

Directorate	Corporate Budgets	2016/17 Budget £000	Outturn £000	Variation to Budget £000
Other	Corporate Costs, Capital and Financing and Other Cost Pressures	16,526	12,221	(4,305)
	Total	16,526	12,221	(4,305)

a. Overview

Corporate Costs include a range of central functions including Insurance, AGMA and Coroners costs and the cost of Democracy. Also included are budgets to cover the cost of the capital programme.

The main reasons for the projected spend of less than budget are:

- The Council has not undertaken any borrowing as at 31 December 2016.
- Interest rates for borrowing are lower than estimated.
- Ongoing efficiencies achieved as a result of the insurance review.

Included within the position is an amount of £2,369k as a contribution to historical business rates losses and an allowance for non - collection in the current financial year.

Any expenditure that is less than the budget will assist the Council's budget position in future years. It is imperative the Service areas continue to review their expenditure and accurately monitor future spend. Efficiencies made now will assist the future medium term financial strategy.

APPENDIX 3

The tables below detail how the Council is performing against target collection rates in both Business Rates and Council Tax. Arrears are pursued and recovery of current year arrears will continue in future years.

Council Tax In-year Collection Performance 2016/17				
	Cash Collected £m	Cash Collected %	Cash Target %	Variation %
April 2016	9.623	10.42	10.80	-0.38
May 2016	17.800	19.27	19.40	-0.13
June 2016	26.103	28.26	28.40	-0.14
July 2016	34.121	36.89	37.60	-0.71
August 2016	42.443	45.86	46.20	-0.34
September 2016	50.665	54.71	55.30	-0.59
October 2016	58.812	63.51	64.30	-0.79
November 2016	67.166	72.54	73.30	-0.76
December 2016	74.963	80.97	81.80	-0.83
January 2017			90.20	
February 2017			92.50	
March 2017			94.40	

Business Rates In-year Collection Performance 2016/17				
	Cash Collected £m	Cash Collected %	Cash Target %	Variation %
April 2016	10.789	17.18	10.70	+6.48
May 2016	15.863	25.33	18.80	+6.53
June 2016	20.918	33.65	28.80	+4.85
July 2016	23.329	37.54	38.30	-0.76
August 2016	32.069	51.57	46.70	+4.87
September 2016	36.935	59.39	55.10	+4.29
October 2016	42.602	68.73	63.50	+5.23
November 2016	45.088	72.83	72.10	+0.73
December 2016	49.762	80.59	79.50	+1.09
January 2017			88.20	
February 2017			92.70	
March 2017			96.20	