
REVENUE BUDGET MONITORING 2014-15 – QUARTER 3

**Responsible Cabinet Member - Councillor Stephen Harker,
Efficiency and Resources Portfolio**

**Responsible Director - Paul Wildsmith,
Director of Neighbourhood Services and Resources**

SUMMARY REPORT

Purpose of the Report

1. To provide an up-to-date forecast of the 2014-15 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The Quarter 3 projections show an improved outturn position for 2014/15. The latest information provided to Members was contained in the draft MTFP report 2015/16 and beyond. The figures in this report increase projected balances at 31 March 2015 by £0.948M which is helpful in terms of managing the medium term pressures. Work is being undertaken to assess any impact on future year budgets and any changes will be reflected in the revised MTFP report to Cabinet and Council in February.
3. Improvements have been seen across a number of areas and are highlighted in the main report. There are also a number of carry forward requests due to slippage details of which are in the report at paragraphs 17 – 21.
4. The revised outturn position, whilst helpful, does not change the medium term financial context the Council is currently planning within.

Recommendation

5. It is recommended that :-
 - (a) The forecast revenue outturn for 2014-15 and actions being taken to manage the Council's finances be noted.
 - (b) The proposed carry forward of resources referred to in paragraphs 17 to 21 of this report be noted and approved.

- (c) Further regular reports be made to monitor progress and take prompt action if necessary.

Delegations

6. This report does not require any delegation.

Reasons

7. The recommendations are supported by the following reasons :-
- (a) To continue effective management of resources.
 - (b) To continue to deliver services to agreed levels.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

No background papers were used in the preparation of this report.

Elizabeth Davison : Extension 2601

S17 Crime and Disorder	There are no specific crime and disorder implications in this report.
Health and Well Being	There are no issues relating to health and well being which this report needs to address.
Carbon Impact	There are no specific carbon impact issues in this report.
Diversity	The report does not contain any proposals that impact on diversity issues.
Wards Affected	All wards are affected.
Groups Affected	No specific groups are particularly affected.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	The report does not require a key decision.
Urgent Decision	The report does not require an urgent decision.
One Darlington: Perfectly Placed	The subject matter of the report, the Councils financial standing and financial management, is critical to delivery of the SCS, but this report does not contain new proposals.
Efficiency	The report contains updated information regarding efficiency savings contained in the MTFP.

MAIN REPORT

Information and Analysis

8. To enable timely information to be presented to Cabinet and in accordance with the report publication requirements, this report has been completed before the end of the third quarter. As the Council operates frequent, regular and predictive budget management processes, including quarterly reports to Cabinet, changes in projected outturn, which are inevitable in a large and complex organisation, will be reported to future meetings.
9. The information for this report has been taken from the financial records for April to November 2014 and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
10. Overall the projected General Fund reserves position at 31st March 2015 is £19.815M, which is a welcome £3.336M improvement on planned balances in the 2014-20 MTFP. Of this, the improvement in the Council's 2013-14 financial results carried forward to 2014-15 is £1.392M and £0.964M relates to the budget rebasing exercise undertaken in Q1. The projections are summarised in **Appendix 1**.
11. Projections which have previously been reported to Cabinet are presented graphically in **Appendix 2**.

Departmental Resources

12. Departmental Resource projections are summarised in **Appendix 3** and detailed in **Appendices 3(a) to 3(e)**. Budget management projections indicate there will be an over spend of £0.043M compared with the 2014/15 MTFP which is £0.201M better than that previously reported to Cabinet in Quarter 2 and the main reasons are explained below.
13. The **People Group** is forecasting an under spend (before carry forward requests) of £0.180M, an improvement of £0.165M from that previously reported. The main variances are;
 - (a) Commissioning are forecasting an under spend of £0.325M. £0.200M was brought forward from 2013/14 to pump prime the integration of health and social care to deliver savings. Work has been progressing on this however mainly within existing resources with a significant proportion of the funding required in 2015/16 so a carry forward request for £0.180M is being made in paragraph 17 of this report.. It is also estimated there will be £0.076M remaining from a partnership fund set up to progress activities across health and the council, which again will be required in 2015/16 and carry forward is requested. Further savings of £0.020M have been identified from staff turnover.
 - (b) Workforce Development are forecasting additional savings of £0.045M from slippage within the training programme.

- (c) Adult Social Care are forecasting an over spend of £0.218M. Whilst work is progressing on a number of projects to achieve the £1.000M savings identified in the MTFP, there have been additional demands placed on the service in the Physical Disability budget of £0.100M where numbers have increased along with a reduction in income. There is a further pressure in Mental Health due to the Deprivation of Liberties requirement increasing our costs by £0.077M over budget.
14. The **Children's Services Group** is forecasting an over spend of £0.391M, an improvement of £0.154M and the main reasons are explained below.
- (a) Family Support are forecasting an improvement of £0.092M from savings in support costs, staff turnover and running costs and savings within the Parent Programme.
- (b) Across the remainder of Children's Services, Youth Offending Service is forecasting savings of £0.029M from staff turnover which helps to offset additional support costs in Management & Social Work of £0.031M for leaving care clients. There are also combined savings of £0.064M are forecast amongst a number of other areas.
15. The **Economic Growth Group** is forecasting an over spend (before carry forward requests) of £0.159M, which is £0.113M worse than previously reported.
- (a) Development Management is expecting a pressure of £0.187M due to slippage on planning fees as a number of large applications are now expected to be received in early 2015/16.
- (b) Parking has seen an improvement in the expected income levels of £0.055M.
- (c) Highways DLO is now expected to have a pressure in the region of £0.091M as anticipated turnover has failed to materialise due to a house building scheme which is now not progressing. Officers are looking at all opportunities to replace this turnover.
- (d) Underspends from staff vacancies, external fee income and savings from contracts amount to £0.110M which have helped to mitigate many of the above pressures.
16. The **Neighbourhood Services and Resources Group** is forecasting an under spend (before carry forward requests) of £1.084M, an improvement of £0.567M over a number of areas.
- (a) The most significant is within Organisational Planning, who are forecasting an improvement of £0.408M. £0.290 is related to Slippage on the Care First replacement project of £0.150M and on web enhancement costs of £0.140M both of which are being requested to carry forward. There are also savings in staff turnover and £0.030M in marketing savings.

- (b) Legal and Procurement are forecasting additional savings of £0.070M due to savings on childcare legal costs from reduced use of external professionals and savings on printing costs following the new printing contract.
- (c) Financial Services and Governance are forecasting a saving of £0.057M on audit fees following a reduction from our external auditors PWC.
- (d) The Dolphin Centre has seen an overall increase in the expected pressure by £0.112M due to a number of factors including the reduction in income including lower than anticipated patronage for swimming and soft play over the period.
- (e) Libraries have improved further by £0.053M, which is partially due to a number of vacant posts as well as slippage on the self-service check out project and a carry forward of this is requested below.
- (f) School Meals is now expected to underspend by £0.022M following an increase in school meal numbers as a result of the introduction of free school meals for early years.
- (g) The recent extension of the waste contract and a reduction in tonnages seen over the last quarter is expected to deliver additional savings of £0.100M.
- (h) Building Services is expected to have a pressure in the region of £0.100M as anticipated turnover has failed to materialise due to a house building scheme which is now not progressing.
- (i) Underspends from staff vacancies, external fee income and savings from contracts amount to £0.091M.

Carry Forward Requests

17. As mentioned in paragraph 13 £0.200M of funding was brought forward from 2013/14 to pump prime the integration of health and social care to deliver savings. In the current year work has been progressing which on the whole has been met within existing resources. It is requested that the balance of £0.180M be approved for carry forward to continue work in this area to deliver savings within Adult Social Care.
18. It is requested to carry forward £0.076M of funding that is remaining from a partnership fund. This is required in order to continue partnership activities (including but not exclusive to Long Term Conditions, RIACT, Child Sexual Exploitation, etc.) in order to enhance service provision and deliver efficiencies.
19. The introduction of the Care Act highlighted the social care financial management system is no longer considered fit for purpose. £0.150M was brought forward to fund development costs associated with the replacement of the system. This work is now expected to slip into 2015/16 and it is requested that £0.150M be approved for carry forward.
20. As per paragraph 16 a), there are savings in the Organisational Planning Unit from funding earmarked for web and community developments which has arisen as work

this year has focused upon the development of strategies for both areas. It is therefore requested to carry forward £0.140M to deliver key pieces of work in line with those strategies in 2015/16.

21. There has been some slippage on the introduction of self-service check out in Crown Street Library and it is requested that £0.026M be approved for carry forward into 2015/16.

22. School balances are shown in **Appendix 3e**

Corporately Managed and Council Wide Resources

23. The Council Wide forecast position is an under spend of £0.678M, an improvement of £0.680M this is due to an underspend on the prescription charge budget in 2014/15 and 2015/16 and the subsequent effective recommissioning of services within Public Health.

24. Corporately Managed Resources is currently forecasting an under spend of £2.701M, an improvement of £0.067M. A VAT rebate of £0.049M has been received relating to the reclassification of trade waste as non-business, £0.038M has been released from the Living Wage contingency as it is not required and the employers pension past service deficit contingency is expected to be over spent by £0.020M.

Housing Revenue Account

25. The HRA projections are shown in **Appendix 4** and are showing a stable position. The closing Working Balance is showing a significant increase due to slippage on the housing capital build programme.

Collection Fund

26. The Collection Fund account reflects the statutory requirements for the Council to maintain a separate Fund in relation to the operation of Council Tax and Business Rates Retention Scheme (BRRS). The Fund records all of the transactions for billing in respect of Non Domestic Rates (NDR) and Council Tax, exemptions and discounts granted, provision for bad debts and appeals and payments made to the Council's General Fund, the Police and Fire & Rescue precept authorities and Central Government.

27. The Council Tax Collection Fund is estimated to be in surplus by around £0.880M at the end of 2014/15, of which the Council's proportion is approximately 83%, or £0.730M, and this sum has been identified as available resources for the 2015/16 MTFP.

28. The Business Rates Retention Scheme Collection Fund is in its second year of operation and the year-end position is more difficult to predict. It is likely that there will be a deficit at year-end although this is expected to be met from the receipt of additional Section 31 grant from Government.

Conclusion

29. The Council's projected revenue reserves at the end of 2014-15 are £19.815M, which is £3.336M better than the initial 2014-20 MTFP position. Corporately Managed and Council Wide Resources are projected to be in surplus by £3.379M and include a brought forward amount of £1.392M from 2013-14 and £0.954M from the rebasing exercise carried out in quarter 1. Departmental reserves are projected to be in surplus by £0.714M, of which £0.185M was approved for carry forward in Quarter 2 and a further for quarter 3 of £0.572M is detailed in paragraphs 17 to 21 above.
30. Whilst the improved position in revenue reserves is helpful it does not change the financial context in which the Council is currently planning and reflects an overall improvement of £0.948M when compared to the proposed 2015 - 2020 MTFP.

Outcome of Consultation

31. No external consultation has been carried out in preparing this report.