
REVENUE BUDGET MONITORING 2017-18 – 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 2017-18 revenue budget outturn as part of the Council's continuous financial management process.

Summary

2. The latest projections show an overall improvement against the Medium Term Financial Plan (MTFP) of £5.221M, an increase of £1.429M from the half year report to Cabinet in November. The most significant change is in the Departmental position where after carry forward requests referred to later in this report, there is an improvement of £1.357M of which £1.009M related to efficiencies within Adult Social Care.
3. The figures in this report increase projected balances at 31 March 2018 to £20.233M and will be reflected in the revised MTFP to Cabinet and Council in February.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2017-18 be noted.
 - (b) The proposed carry forward of resources referred to in paragraphs 14 and 15 of this report be noted and approved.
 - (c) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

5. 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.

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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 wellbeing 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.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.

MAIN REPORT

Information and Analysis

6. To enable timely information to be presented and in accordance with the report publication requirements, this report has been completed before the end of the third quarter returns. 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.
7. The information in this report has been taken from the financial records for April to November and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
8. Overall the projected General Fund reserves position at 31st March 2018 is £20.233M, a welcome £5.221M improvement on the planned balances in the 2017-21 MTFP. Of this, as previously reported, the improvement in the Council's 2016-17 out turn position and the corporate resources position are £0.698M and £3.414M respectively, departmental resources, taking account of carry forward requests, are £1.109M better than planned.

Departmental Resources

9. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**.
10. The **Children and Adults Services Group** is forecasting a year-end pressure, after carry forward requests, of £0.298M, an improvement of £0.872M from Quarter 2. The Adults division is reporting an improvement of £1.009M and the Children's Services division has an increased pressure, after carry forward requests, of £0.137M. The main variances are described below;

Adult Social Care

- (a) The main reason for the improvement is a reduction in residential placements. Projections indicate there will be 57 less placements by the year end than the budgeted position of 486 placements, a reduction of 12%. In addition there has also been an increase in income received towards packages of care, this equates to a saving of £0.750M.
- (b) Further savings have arisen from additional direct payment contingency reclaims of around £0.100M and £0.160M for inflation on out of borough contracts that is not required following proactive negotiations.

Children's Services

- (c) There have been a number of small changes across budget lines in Children's Services both positive and negative as a result of staffing changes. Savings

have arisen from vacancies and pressures from increased staffing following additional service demand in areas such as the Leaving Care team. The significant change in the period relates to the Transport Unit, where the expected year-end budget pressure has increased by £0.169M due to a rise in the number of children attending special schools inside and outside of Darlington that require transport in order to access the school. A full review of transport has been initiated with the aim of reducing these costs in the future.

11. The **Economic Growth Group** is forecasting an under spend after carry forward requests of £0.291M, an improvement of £0.053M from Quarter 2. .
 - (a) Economic Initiative has seen a significant improvement in income of £0.308M since Quarter 2. The majority of this income has arisen from planning fees which have been submitted in the last quarter.
 - (b) Further underspends within Highways have arisen from one-off staff savings due to vacancies, improved income levels from developments and inspection fees as well as additional profits as a result of increased turnover within Highways DLO resulting in an improvement of £0.100M.
 - (c) Overall the Group is also seeing further net under spends in staffing of £0.055M and supplies and services of £0.081M.
12. The **Neighbourhood Services and Resources Group** is forecasting an under spend, after carry forward requests, of £1.116M, an improvement from Quarter 2 of £0.432M. The main variances are noted below;
 - (a) Finance and Governance is reporting an improvement of £0.173M primarily due to the reduced costs of the Pensions Increase Act (£0.087M) as the number of employees decreases and a rates rebate for the Dolphin Centre (£0.068M).
 - (b) Health & Safety has an increased under spend of £0.029M resulting from additional fee income received.
 - (c) Building Services turnover is expected to exceed its target for 2017/2018 as a result of a strong performance of new build and works for schools, coupled with a lower reliance on subcontractor works. This should see an additional profit of £0.200M.
13. The School balances and allocations are shown in **Appendix 2(e)**.

Departmental Carry Forward Requests

14. £0.420M under spend within Economic Initiative arising from additional income, staff savings and single programme is asked to be set aside to provide long term resilience for the work of the Economic Initiative teams in supporting the delivery of current and future developments as well as meeting the goals of the economic growth agenda.

15. £0.021M Management of Arts. Requested to carry forward £21k to cover slippage of 2017/18 projects into 2018/19.
16. £0.020M is requested for the completion of the building works at Eastbourne Training Complex which will slip into 2018/19.

Council Wide and Corporately Managed Resources

17. The improvement in Council Wide and Corporately Managed Resources is £0.072M. There is a forecast improvement in procurement savings of £0.020M and the financing costs budget is reporting an improvement of £0.052M mainly from increased investment income due to a further investment of £10M in property funds at the beginning of 2018.

Housing Revenue Account

18. HRA projections are shown in **Appendix 3**. The HRA remains in a stable position.

Collection Fund

19. 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.
20. At this stage in the year, no surplus or deficit is forecast on the council tax collection fund.
21. A deficit of £1.670M is forecast on the business rates collection fund, of which Darlington's proportion is £0.820M. This will be met from Section 31 grant received during 2017/18 from the Government for the various exemptions and discounts granted under statute.

Conclusion

22. The Council's projected revenue reserves at the end of 2017-18 are £20.233M, £5.221M better than the initial 2017-21 MTFP position and include a brought forward amount of £0.698M from 2016-17. Departmental resources are forecast to be under spent by £1.109M and corporately managed resources are forecast to be under spent by £3.414M.
23. Of the £20.233M projected reserves, we have a risk reserve balance of £4.330M, a commitment to use £10.039M to support the draft 2018-2022 MTFP, leaving £5.864M one- off funding to further support the general fund moving forward.

24. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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