
REVENUE BUDGET MONITORING 2015-16 – 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 2015-16 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 2015-16 in relation to the 2015/16 MTFP. The latest information provided to Members was contained in the draft MTFP report 2016-17 and beyond. The figures in this report decrease projected balances at 31 March 2016 by £0.962M. Any changes will be reflected in the revised MTFP report to Cabinet and Council in February.
3. The revised outturn position includes a number of carry forward requests due to slippage, amounting to £0.401M, details of which are included in the report at paragraphs 17 to 22.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2015-16 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 22 of this report be noted and approved.
 - (c) Further regular reports be made to monitor progress and take prompt action if necessary.

Delegations

5. This report does not require any delegation.

Reasons

6. 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 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

7. 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.
8. The information for this report has been taken from the financial records for April to November 2015 and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
9. Overall the projected General Fund reserves position at 31st March 2016 is £16.267M, which is a welcome £2.781M improvement on planned balances in the 2015-20 MTFP. Of this, the improvement in the Council's 2014-15 financial results carried forward to 2015-16 is £2.533M and the remainder primarily relates to the £1.505M realised from the budget rebasing carried out in quarter 1 and the estimated Collection Fund deficit of £1.400M referred to later in this report.
10. Projections which have previously been reported to Cabinet are presented graphically in **Appendix 2**.

Departmental Resources

11. Departmental Resource projections are summarised in **Appendix 3** and detailed in **Appendices 3(a) to 3(d)**.
12. The **People Group** is forecasting an under spend (before carry forward requests) of £0.209M compared with the £0.018M over spend position reported previously. This arises from savings within the Supporting People programme from a reduction in contract numbers and values through efficiencies and the removal of subsidies. In addition, savings are accruing in the funding allocated to deliver the Better Care fund improvements as a number of the initiatives will now take place in 2016/17. Carry forward of £0.145m of this underspend is being requested and is detailed in paragraphs 17 and 18. The Adult Social Care division continues to report a break even position.
13. The **Children's Services Group** is forecasting an over spend (before carry forward requests) of £0.613M, which is £0.764M worse than previously forecast.
 - (a) The Looked after Children budget is projected to be slightly overspent by £0.036m, a £0.148m negative movement from quarter two. As members are aware this budget area is extremely volatile and whilst the number of children we have in external provision remains at a similar number there have been eight children placed in the period with overall cost higher than the children who have come out of the system, this along with a number of placement changes have contributed to the overall increased cost of provision. The

increase in external costs has been offset by net savings across a number of staffing and in house fostering/adoption services.

- (b) We have a pressure in the Management and Social Work area of £0.819M, an increase of £0.496M on that reported at quarter two. This pressure arises due to an ongoing requirement to employ agency staff to cover for social work team shortages and caseloads (an increase of £0.304M). There is a recognised national pressure in regard to the supply of social workers and work is ongoing to look at how this can be addressed locally. Pressures are also projected from additional support costs of children leaving care).
- (c) We are also making improvements to our Children's Services and a number of short term initiatives are taking place which will result in longer term benefits. A number of temporary staff have been employed to assist in pump priming these initiatives along with moving the Organisational Planning performance and information teams into this area, overall there is a pressure of £0.126M.
- (d) The above pressures continue to be offset in part by a projected saving of £0.264M within the Family Support division, an increase of £0.108M on quarter two. This is made up from a number of small savings across the Contact service, early intervention teams and children's centres mainly from vacant posts and savings in running costs.

14. The **Economic Growth Group** is forecasting an under spend of £0.157M (before carry forward requests), an improvement of £0.128M.

- (a) CCTV is expected to over spend by £0.045M. This is partially due to the recent adverse weather which saw storm damage of £0.025M to equipment. In order to continue to provide a 24/7 service there has also been some need to use additional staff which has seen costs increase by £0.017M.
- (b) Concessionary Fares have seen a one-off rebate of £0.038M repaid from Connect Tees Valley. There is also a better than expected position on Sustainable Transport of £0.020M.
- (c) The Group has also seen an overall under spend of £0.120M arising from vacant posts as well as a general improvement in spend on supplies and services.
- (d) £0.058M is being requested to be carried forward and is detailed in paragraphs 20 and 21.

15. The **Neighbourhood Services and Resources Group** is forecasting an under spend (before carry forward requests) of £0.731M, an improvement of £0.511M with the main reasons as follows;

- (a) The Communications & Engagement Team has seen an increase in savings of £0.138M. This has arisen from the holding of vacancies within the team and from the savings in the supplies and services budget held for the development of ICT systems and the Council's website as these developments will cross into

the next financial year. £0.100M of this saving is being requested to be carried forward in paragraph 22 below.

- (b) The Financial Services & Governance budget has seen an increase in savings of £0.050M from holding vacant posts following staff turnover and an expected increase in recharge income.
- (c) Democratic Services is projected to have additional savings of £0.118M arising mainly from a saving in the Municipal election as a result of efficiencies through sharing costs with the parliamentary election along with additional income received from work undertaken for other areas.
- (d) Legal and Procurement is projected to be under spent by £0.360M, an improvement of £0.181M. This improved position results from the receipt of unbudgeted one-off grant from central government towards the cost of back dated land charges refunds (£0.122M). Additional savings of £0.040M have been made in the procurement of printing and photocopying, accruing from lower print usage and the release of budget that was set aside for additional equipment that is no longer needed. The balance of the increased savings of £0.019M results from a reduction in the use of professional legal fees.
- (e) Housing is forecasting an improvement of £0.054M due to continued staff vacancies and two members of staff moving to DWP to carry out fraud works. There is also an increase in the Social Fund under spend due to continued lower demand and change of policy.

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

Carry Forward Requests

- 17. £0.025M is requested to be carried forward from the Supporting People budget to cover existing commitments crossing into the 16/17 financial year, for a drug and alcohol youth worker and for DCLG target hardening requirements.
- 18. £0.120M is requested to be carried forward for the Better Care Fund, this funds a number of initiatives within social care to aid with the integration of health & social care to deliver future savings. A number of initiatives will be ongoing in 2015/16 and will continue into 2016/17; therefore this funding is required to continue the commitments in 2016/17.
- 19. It is requested to carry forward £0.098M within the Organisational Planning Unit in order to continue with staffing requirements to implement the new Liquid Logic care management system that is being introduced into social care within 2016/17.
- 20. £0.038M is requested to fund the sustainable travel to school team until the end of the school year (July) delivering the sustainable travel to school strategy including school transition and Mega Motion activities.
- 21. £0.020M is requested to fund the Local Motion Marketing team until the end of July enabling completion of the marketing element of the LSTF project including

supporting the Local Motion and Mega Motion brands and websites, supporting the TVBNI marketing officer and Bishop Line Community Rail officer (externally funded) to provide marketing and publicity resources. The provision of this additional funding will enable the service to continue so that the future structure of the Sustainable Travel function can be fully considered as part of the MTFP process and to assess expected announcements on new sustainable transport funding from Department of Transport that were announced in the autumn budget.

22. £0.100M is requested to be carried forward from savings within the Engagement Team to cover the ongoing development of IT systems and the website to meet the Councils Systems and Information Governance Group agenda to deliver business efficiencies.

Corporately Managed and Council Wide Resources

23. **Corporately Managed Resource** is currently forecasting an under spend of £0.165M, a reduction of £0.663M. The net Collection Fund deficit forecast of £1.400M, an increase of £0.770M, is included and explained in more detail in paragraphs 26 and 27. The Council Wide position has improved by £0.122M as a result of additional savings of £0.100M from budgets with a public health outcome and procurement savings of £0.022M.

Housing Revenue Account

24. The HRA projections are shown in **Appendix 4** and are showing a stable position.

Collection Fund

25. 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.
26. At this stage in the year, Darlington's share of the BRRS deficit is estimated at £1.400M. The increase in the deficit from the last quarter is due to a reduction in the business rates payable of £0.100M, additional charitable and small business rates relief of £0.200M and a £0.100M increase in the appeals provision following a number of new appeals received since the last report. This deficit will need to be incorporated into the MTFP for 2016/17 and beyond.
27. The Council Tax Collection Fund is forecast to be on target. There have been a number of outstanding arrears cases amounting to over £0.200M that have been written off during the last quarter which together with an increase in the provision for bad and doubtful debts of £0.150M and additional discounts of £0.020M estimated before the year-end has eliminated the previously forecast surplus.

Conclusion

28. The Council's projected revenue reserves at the end of 2015-16 are £16.267M, which is £2.781M better than the initial 2015-20 MTFP position. Departmental reserves, assuming the carry forward requests included in paragraphs 17 to 22 are approved, are projected to be under spent by £0.083M. Corporate reserves are projected to be in surplus by £2.698M compared with the 2015-20 MTFP and include the increase in 2014-15 opening results of £2.533M.
29. Of the £16.267M projected reserves, Members will recall that £8.206M contribution from balances and a risk reserve of £4.330M were identified in the draft MTFP reported to Cabinet on 1 December 2015, leaving £3.731M one-off funding to support the general fund moving forward.
30. Whilst the improved position in revenue reserves is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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