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**REVENUE BUDGET MONITORING 2017-18 – QUARTER 1**

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

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

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide an early forecast of the 2017-18 revenue budget outturn as part of the Council's continuous financial management process.
2. To inform Cabinet of the budget rebasing exercise carried out following the 2016-17 outturn results.

**Summary**

3. This is the first revenue budget management report to Cabinet for 2017-18. The latest projections following a rebasing exercise show an overall improvement of £0.281M. The overall improvement is due to £0.639M of balances carried forward from the 2016-17 outturn, the rebasing exercise which has returned £0.341M to general reserves, however this has been offset by a forecasted over spend of £0.699M within the Children's Services that is referred to later in this report.

**Recommendation**

4. It is recommended that :-
  - (a) The forecast revenue outturn for 2017-18 be noted
  - (b) 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 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 Council's 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**

6. This is the first revenue budget management report to Cabinet for 2017-18 and provides an early forecast of the 2017-18 revenue position as part of the Council's continuous financial management process.
7. 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 first 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 in this report has been taken from the financial records for May and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
9. As has been the case in the last few years a detailed review of the 2017-18 budgets has been undertaken during April and May and managers have been proactive in scrutinising their budgets in light of the 2016-17 outturn position. In total managers have identified £0.285M of on-going savings and £0.055M of one-off savings which can be removed from budgets into reserves without impacting on service delivery.
10. Overall the projected General Fund reserves position at 31<sup>st</sup> March 2018 is £15.293M, a welcome £0.281M improvement on the planned balances in the 2017-21 MTFP. Of this, the improvement in the Council's 2016-17 financial results is £0.639M, £0.341M is being returned to reserves as a result of the rebasing exercise and the Departmental Resources are forecasting an over spend of £0.699M.

### **Departmental Resources**

11. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**. It is difficult for managers to predict year end positions at this early stage and with the exception of the **Children and Adult Services Group**, management projections indicate all other budgets are on line to be achieved.
12. The **Children and Adult Services Group** is forecasting a year-end pressure of £0.699M. This in the main is attributed to on-going pressures continuing from 2016/17 and shortfalls on MTFP savings targets due to slippage with the implementation of service changes;
  - (a) As in 2016/17, the budget for children placed in independent residential and fostering is projected to be over spent by £0.700M based on the children currently in placement. The majority of who were in placement last financial year when, due to local and national factors, Darlington saw a large increase in looked after children numbers. Work is progressing to reduce the number of children in external provision, however due to the complex nature of some of the placements the reduction in numbers will take time to filter through.
  - (b) The pressure on external placements is being offset by savings in the in-house provided fostering and adoption service of £0.426M, leaving a net pressure of £0.274M. Savings in the service have arisen from a reduced number of children in placements in this service than anticipated. Savings in adoption services are based on current placements and expected incoming inter-agency fees.
  - (c) In addition, pressures are continuing within social work through the use of agency workers to cover vacant posts within the service. A number of initiatives have been introduced to increase the recruitment of staff, some of which include financial incentives that were not built into the budget. The projected

pressure from agency cover and additional staffing costs is approximately £0.300M.

- (d) Two MTFP savings targets have not as yet been fully achieved in year. Firstly, the Business Support target is projected to fall short by £0.100M as a result of slippage in the review, however this is due to commence shortly and will deliver part savings in-year and all planned future years savings targets.
- (e) Secondly, the savings for ASB/YOS planned in the MTFP is projected to fall short by £0.080M due to demand for the services concerned. Work is on-going to review the savings requirements with options being worked up to be considered shortly.

13. The School balances and allocations are shown in **Appendix 2(e)**. Information on projected closing school balances is not yet available but will be included in future reports to Cabinet.

### **Council Wide and Corporately Managed Resources**

14. The improvement in Corporately Managed Resources is £0.341M relating to the budget rebasing exercise;

- (a) £0.285M relates to on-going savings which have been clawed back; £0.100M following the business rates review which saw an overall reduction for a number of council properties, £0.065M for lower than anticipated inflation on utility costs, £0.050M on lower than anticipated inflationary growth within Concessionary Fares, £0.040M on reduced borrowing costs within Highways and Engineers following the purchase of vehicles and £0.030M on a reduction in premises costs.
- (b) £0.055M of one-off savings relate to £0.040M on the early achievement of savings on street lighting electricity and £0.015M on the delay in recruitment of a capital projects officer until August/September 2017.

### **Housing Revenue Account**

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

### **Collection Fund**

16. 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 and Rescue precept authorities and Central Government. At this stage in the year, no surplus or deficit is forecast.

## **Conclusion**

17. The Council's projected revenue reserves at the end of 2017-18 are £15.293M, £0.281M better than the initial 2017-21 MTFP position and include a brought forward amount of £0.639M from 2016-17. Departmental resources are forecast to be over spent by £0.699M and corporately managed resources are forecast to be under spent by £0.341M.
18. Of the £15.293M projected reserves, we have a risk reserve balance of £4.330M, a commitment to use £6.956M to support the 2018– 2021 MTFP, leaving £4.007M one off funding to further support the general fund moving forward.
19. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

## **Outcome of Consultation**

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