

REVENUE BUDGET MONITORING 2015-16 – QUARTER 1

**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 early forecast of the 2015-16 revenue budget outturn as part of the Council's continuous financial management processes.
2. To inform Cabinet of the budget rebasing exercise carried out following the 2014-15 outturn results.

Summary

3. This is the first revenue budget management report to Cabinet for 2015-16. The latest projections following a rebasing exercise show an overall improvement of £4.573M, of which £2.533M relates to balances carried forward from the 2014-15 outturn.
4. The in-year improvement compared with the Medium Term Financial Plan (MTFP) for 2015-16 is £2.040M and is to be welcomed particularly as £0.812M has been identified as ongoing savings which assist in achieving the savings targets already identified and also contribute to reducing the funding deficit for future years.

Recommendation

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

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.

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

7. This is the first revenue budget management report to Cabinet for 2015-16 and provides an early forecast of the 2015-16 revenue position as part of the Council's continuous financial management process.
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 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.
9. The information for this report has been taken from the financial records for April to May 2015 and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
10. As has been the case in the last couple of years a detailed review of the 2015-16 budgets has been undertaken during April and May and managers have been proactive in scrutinising their budgets in light of the 2014-15 outturn position. In total managers have successfully identified £1.534M of savings with £0.812M of on-going savings which can be removed from budgets into reserves without impacting on service delivery. There are also a further one-off saving of £0.722M which can be returned to the General Fund Reserve and in turn be available to assist in meeting the conditions identified in the MTFP.
11. The £1.534M identified falls across a number of sections with the most significant detailed below.

One-Off Savings

12. A review of the Commissioning service and in particularly the review of supporting people contracts has realised £0.223M, there is also a significant one off saving of £0.192M in the Building Services section where construction turnover for 2015-16 is anticipated to be higher than initially estimated.
13. Early realisation of a number of savings targets identified in the 2014/15 MTFP contribute an additional £0.377M to reserves this year on a one off basis only as they have already been taken into account for 2016/17 onwards, nevertheless this is good news as it increases balances.

Ongoing Savings

14. The ongoing savings totalling £0.812M fall across the board after a review of all of the Council's services and in the main will be offset against the 2016/17 internal efficiency saving and demand reduction targets.

15. There are a number of vacant posts in Economic Growth and given the financial challenges the Council faces it is recommended that they are removed from the structure realising £0.125M.
16. Additional income above anticipated in Cemeteries and Crematorium and Human Resources along with additional support service recharge income has saved £0.160.
17. Lower inflationary increases in Concessionary Fares and Street Lighting amount to £0.110M. Further efficiency savings include £0.070M in Legal as Children's legal cases have reduced, £0.060M in Organisational Planning due to a review of the marketing and design and print budgets, £0.016M due to a reduction in the Members Allowance budget and a £0.029M reduction in Adult Social Care telephone charges.
18. There are also various savings in the Community Services division totalling £0.150M, that include a reduction in Street Scene fuel usage, the depot running costs and savings against the winter maintenance budget where we are assuming the winter will follow the previous few year as oppose to budgeting for the worst case scenario.
19. Where savings relate to an MTFP target they have been automatically allocated against the service area. One off savings will be transferred to the General Fund Reserve and any savings relating to future years have been removed from departmental budgets into general fund balances to ensure they are captured. The treatment of each saving identified is shown in **Appendix 4** and those transferred to reserves are identified in **Appendix 1**.
20. Overall the projected General Fund reserves position at 31st March 2016 is £18.059M, which is a very welcome £4.573M 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 is detailed in the Outturn report previously discussed on the Cabinet agenda.

Departmental Resources

21. 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 however whilst there are a few over and under spends referred to below, management projections indicate all other budgets are on line to be achieved with managers at this stage confident the MTFP savings will be achieved.
22. The **People Group** is forecasting a break even position.
23. The **Children's Services Group** is forecasting an under spend of £0.656M in Looked after Children external placements based on current placements remaining for the rest of the financial year. This budget area is extremely volatile due to the unknown number of children who may be referred and in some cases the high cost attached to these packages. Therefore instead of clawing back the budget as we have proposed in other areas we will watch the position closely over the next

reporting period when a decision will be made on whether it is appropriate to reduce the budget.

24. The **Economic Growth Group** is forecasting a break even position at this stage.
25. The **Neighbourhood Services and Resources Group** is forecasting an over spend of £0.150M as follows;
 - (a) Legal & Procurement are forecasting savings of £0.020M on printing and photocopying charges from reduced contract rates.
 - (b) The Dolphin Centre is forecasting an overspend of £0.130M. Work continues to reshape the services delivered by the Dolphin Centre. Trading conditions remain difficult providing challenges on both attendance and efficiencies in service provision.
 - (c) Eastbourne Complex – Work to deliver savings continues but has seen some slippage into 2016/17 which will see an over spend of £0.040M. A key milestone remains the resurfacing of the artificial grass pitch to enable new income generating opportunities (decision from Football Association on grant award pending early July).
26. School balances are shown in **Appendix 2e**.

Council Wide and Corporately Managed Resources

27. The **Council Wide** forecast position is break even.
28. **Corporately Managed Resources** is currently forecasting an under spend of £4.067M, which comprises the improvement in balances arising from the 2014-15 outturn of £2.533M and the savings arising from the rebasing exercise of £1.534M.

Housing Revenue Account

29. The HRA projections are shown in **Appendix 3** and are showing a stable position with an increase in the working balance brought forward from 2014-15.

Collection Fund

30. 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. At this stage in the year no surplus or deficit is forecast.

Conclusion

31. The Council's projected revenue reserves at the end of 2015-16 are £18.059M, which is £4.573M better than the initial 2015-20 MTFP position and include a brought forward amount of £2.533M from 2014-15. Departmental reserves are

projected to be under spent by £0.506M and corporate reserves projected to be in surplus by £1.534M compared with the 2015-20 MTFP.

32. Of the £18.059M projected reserves members will recall that £6.593M is planned for usage in 2016/17 and we have a risk reserve balance of £4.330M leaving £7.136M one off funding to further support the general fund moving forward.
33. 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

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