
REVENUE OUTTURN 2017-18

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio

Responsible Director - Paul Wildsmith, Managing Director

SUMMARY REPORT

Purpose of the Report

1. To present the revenue outturn 2017-18 (subject to Audit), to allow Members to consider the results in light of the Council's Medium Term Financial Plan (MTFP) and also to consider the Collection Fund and Housing Revenue Account outturn.

Summary

2. The draft year end position shows a welcomed improvement of £0.530M from the opening balance projections reported in the 2018/19 to 2021/22 MTFP.
3. Whilst there have been changes to the bottom line figures for each department the most significant is within Children and Adult Services with an overall improvement of £0.712M. This is primarily due to the reduced requirement for residential and nursing beds in Adult Social Care over the year. There has however, in common with Council's across the country, been an increase in expenditure in Children's Services with the ongoing pressure in looked after children (LAC) and the high costs of individual placements. This pressure cannot be underestimated and will need to be managed carefully next year.
4. Cabinet have previously approved carry forwards of £0.709M, in addition to this further year end carry forward requests of £1.189M have been made and are detailed in the report. The provisional outturn figure makes the assumption that all of these carry forwards are approved.
5. The Outturn figures are welcomed especially as a number relate to the early delivery of savings which provides a solid base for achieving future year efficiencies. The increase in balances will assist the Council in managing the risks inherent in the MTFP in relation to the delivery of savings and mitigate potential pressures.

Recommendation

6. It is recommended that :-
- (a) The revenue outturn for 2017-18 be noted.
 - (b) The additional carry forward requests of £1.189M referred to in paragraphs 14 to 18 below be approved and carried forward into 2018-19.
 - (c) The earmarked reserve requested in paragraphs 25 and 26 be approved.

Reasons

7. The recommendations are supported in order to maintain appropriate management arrangements for the Council's finances and make effective use of the Council's resources.

Paul Wildsmith
Managing Director

Background Papers

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

Elizabeth Davison: Extension 5830

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 and also spend to save requests included in the carry forward totals.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8. The year-end position shows an improvement of £0.530M from the opening balance projections in the 2018/19 to 2021/22 MTFP report.
9. The draft General Fund Reserve position at 31 March 2018 is £20.763M, a summary of which is shown in **Appendix 1**. Of this, £11.777M is planned to be used in 2018-2022 to assist the MTFP, £4.330M is set aside to cover our risk balances, £4.100M was identified for the Futures Fund over the life of the MTFP with the remaining £0.556M available to assist the Council in the period 2018–2022 and beyond.

Departmental Resources

10. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**. The outturn identifies an underspend of £1.431M compared with the 2017-21 MTFP and this assumes the carry forward requests detailed further in this report are approved. The departmental outturn projections reported to Cabinet for the third quarter were used as the basis for the opening balance projections for the 2018-21 MTFP and therefore any variances reported below are from both the third quarter report and the 2018-21 MTFP. Significant variances are explained below.
11. The **Children and Adult Services Group** is forecasting an under spend of £0.414M, an improvement of £0.712M. Of this overall improvement, the Children's Services position has worsened by £0.422M (including an additional £0.356M of carry forward requests) and the Adult Social Care position has improved by £1.134M.

Children's Services

- (a) Assessment Care Planning & LAC - Ongoing costs of agency social workers across the four assessment teams and the Looked After Through Care team to cover maternity and additional demand within leaving care, have created an additional pressure of £0.090M. In addition cost pressures have continued as children leave care (£0.200M), in particular the costs of placement and accommodation.
- (b) First Response & Early Help - Additional savings have been achieved across a number of Early Help budget lines, some short term associated with staff turnover however others are due to the early achievement of savings required in 2018/19 associated with the new early help model (£0.130M). Savings of £0.033M are being requested to be rolled forward to facilitate the implementation of services changes during 2018/19.
- (c) Adoption & Placements – There are ongoing pressures of placing children in external residential and independent fostering placements and whilst the number has only increased slightly the nature of the placements have been complex causing the projected over spend to rise by an additional £0.190M.

This is in common with Council's across the country and has been raised as a national issue. In addition savings in adoption are £0.100M less than projected as incoming inter-agency fees have not been received due to placements not being made in the year. These fees should be received in future years. These pressures have been offset by savings within in-house fostering provision of £0.040M.

- (d) Transport Unit – There is a limited supply of special education placements in the borough and the number of children being placed in out of area specialist provision has continued to grow as demand increases, this is putting a strain on the transport budget with a further £0.075M pressure in the period.
- (e) Healthy New Towns - Year 2 funding has been received for the Digital Platform (£0.166M) but the programme has slipped due to the service not starting until Quarter 3 2017/18. As this funding is for a specific purpose it is requested to be carried forward into 2018/19.

Adult Social Care

- (f) Adult Services is reporting a £2.143M underspend position, an improvement of £1.134M in the quarter. The primary reason is the continued reduction in residential and nursing placements. Historically there is an increase in demand over the winter period, however this year it has not come to fruition. This along with a general reduction in placements has accounted for a further saving of £0.550M.
- (g) Furthermore short break stay usage has also reduced over the year, this wasn't previously reported due to the uncertainty in the figures following the introduction of the new system, however this has now been resolved and the further saving of £0.275M can now be released. There has been a reduction in the use of transport following review which has generated a £0.064M saving and there has also been additional income of £0.245M from client contributions and health funding.

12. The **Economic Growth Group** is reporting an outturn under spend position of £0.276M, a small change from Quarter 3. This position includes an additional £0.288M of carry forward requests that are referred to later in this report. While there has been some variations between services over the last quarter these have balanced out across the group.

13. The **Neighbourhood Services and Resources Group** underspent by £0.737M, £0.379M lower than previously reported. Included within this are additional carry forward requests of £0.409M that are referred to later in this report.

- (a) Democratic Services – an improvement of £0.92M from additional income received along with savings in staffing and supplies and services across a number of budget lines has been put forward and is detailed later in the report.
- (b) Administration – Savings within the central postal budget have been made primarily from lower than expected usage for the Hippodrome (£0.065M).

- (c) Communications and Engagement – A positive movement across the area with savings in supplies and services budgets within the engagement team (£0.044M) and lower utilisation of the design and print budget in the final quarter of the year (£0.027M).
- (d) Income from cremations was greater than anticipated over the last quarter of the year with an increase in service use of 10% over the budgeted profile resulting in an improvement of £0.080M.
- (e) Slippage on spend in the Events budget along with increased hire income in the Market Square and Joseph Pease have improved the position by £0.041M from Quarter 3.
- (f) Waste Management saw an improvement of £0.048M with reduced tonnages going to landfill. Recycling levels were unchanged.
- (g) Winter maintenance service saw some significant gritting over the last 4 months of the season due to severe winter conditions. Salt usage was up on the previous year with 7,500 tons of salt spread, this is an increase of 5,000 on last season. The overall impact of this winter has been an over spend of £0.149M against budget.
- (h) Essential responsive repairs required to the property portfolio over the latter part of the year has seen an increase in spend of £0.250M. Works required have been varied and many have required immediate attention. Much of this work is carried out by external contractors and is supplemented by the council's own team. Work has been ongoing to review and update the condition report on the property portfolio, works carried out include, conversions required due to facilitate the expansion of the Department for Education and the requirement for additional office accommodation, renewal of the loop system at the Town Hall, and refurbishment work on boilers across the portfolio.

Carry Forward requests

- 14. There are a number of carry forward requests to 2018-19 amounting to £1.189M relating to underspends from departments detailed below and are additional to the £0.709M already approved previously. The requests are categorised into the four areas: slippage, spend to save/MTFP transition, assist in achieving the conditions of the MTFP and emerging pressures and approval is requested to carry these amounts forward into the new financial year.
- 15. **Slippage** – There is £0.502M of slippage on planned projects across the Council in the following areas:
 - (a) £0.030M for the development and implementation of new project management software which will introduce an integrated control point solution replacing the existing paper based systems, the budget for this was identified in 2017/18 but the procurement has slipped and a carry forward is therefore required.

- (b) £0.018M slippage on the purchase of equipment including a scanner for Building Control and noise reduction equipment for Environmental Health due to delays in meeting the order requirements.
- (c) £0.015M carry forward of budget to deliver a local traffic management scheme identified within year but has not been able to be delivered in year due to delays arising from the design process.
- (d) £0.022M There has been some small slippage on a number of Economic Growth projects over the year including local plan, sector proposition and Highways Asset Management System (HAMS) level 3. It is requested to carry this forward to allow completion of the work.
- (e) £0.050M to support the ongoing implementation of an improved mobile and job costing solution for Housing and Building Services. The project has partially slipped due to the complexities of the integrations between various ICT systems.
- (f) £0.048M on various Street Scene repairs and maintenance works including fencing at the Denes and refurbishment of the Town Centre water feature due to contractor delays causing work to slip.
- (g) £0.014M – To complete the implementation of the Electronic Document & Records Management System (EDRMS) within Development Control. When complete EDRMS will allow efficient case management and access to records across services. In addition the public and officers will be able to view planning records online to improve access to planning information. This work was commenced in 2017/18 but will be completed during 2018/19 requiring carry forward of budget allocations to pay for the final works.
- (h) £0.025M to continue to deliver training across social care to implement “Signs of Safety” to ensure that the programme is embedded into day to day working practices. Signs of Safety is the Child Protection focused strengths based methodology that is being embedded across Children’s Services. During 2018/19 Signs of Safety Training will continue to be commissioned, with Practice Lead, Leadership & Management and Service Specific Workshops/Support Sessions delivered in order to fully immerse and embed the methodology. Ofsted comments indicated that whilst initial training had commenced in 2017/18, further work was required to ensure full compliance regarding Signs of Safety.
- (i) £0.007M to complete the implementation of onsite work by Capita to allow the development of performance management reporting mechanisms in Children’s and Education services, including staff training and development. This work commenced in 2017/18 but slipped into 2018/19.
- (j) £0.030M - Members will be aware that the Councils Equality scheme has recently been approved and there is a requirement to ensure all our staff are aware and adequately trained in all aspects of equality. Funding was put aside for this from the training budget and needs to be carried into 2018/19 to be drawn down over the year.

- (k) £0.243M for the Healthy New Towns Digital Platform, £0.207M of which was carried forward from 2016/17.

16. Assist in achieving the 3 conditions set out in the MTFP, namely Building Strong Communities, Growing the Economy and Spending Wisely. The following £0.260M of carry forwards all meet the criteria described above and are as follows:

- (a) £0.080M There has been significant damage to highways, footways and verges over the winter associated with this year's extreme winter weather. The carry forward is requested to develop initiatives to lead to a more sustainable way to manage damage across the highway network, particularly grass verges.
- (b) £0.038M Companion passes. Cabinet considered and agreed a new criteria for the assessment of companion bus pass holders for implementation in 2018/19. The new assessment process will be applied to existing Companion Pass holders and new applicants in all categories. There is an ongoing Occupational Therapy cost for assessing new Companion Pass applicants (if no evidence exists through Social Care records) and an initial cost in assessing the 358 existing Companion Pass holders. The funding will cover this initial assessment.
- (c) £0.032M additional net income was generated in the 2017/18 events programme. Due to a limited delivery budget for events in future years it is requested the surplus be carried forward to support both the 2018/19 program and staff training, especially traffic management which will allow staff to erect, dismantle and manage road closures for various events.
- (d) £0.060M for the purchase of street litter bins to support the new resources allocated to street scene as part of the MTFP. New smart bins will be purchased for the town centre which can hold up to 8 times the capacity of existing litter bins and a range of larger bins for other areas across the town where there are ongoing problems with litter and overflowing street bins.
- (e) £0.030M unspent supplies and services budget to undertake a piece of work commissioned from the Citizens Advice Bureau (CAB) to deliver a 12 month project that will raise awareness among local residents of benefits available to them and provide support in claiming those benefits.
- (f) £0.020M of unused community safety funds, to provide additional funding for a number of planned community safety initiatives across the town to complement the community safety agenda priorities.

17. Pressures - £0.312M of pressures have been identified for 2017/18 as follows:

- (a) £0.070M - There have been significant increases in the cost of the software licenses for specialist software products (AutoCad). The carry forward would fund the costs for the next three years as well as facilitate a refresh of desktop computers to ensure designers can use the most up to date software

effectively and efficiently. The software is essential to carry out our highway design and statutory traffic management functions.

- (b) £0.019M - for professional fees in the Legal Services required in 2018/19.
- (c) £0.024M - additional income received during 2017/18 to allow further developments of the One Darlington magazine during 2018/19. In addition this extra resource will provide some security within the budget during 2018/19 should revenues from partners decrease.
- (d) £0.028M - additional election income received in 17/18 into 18/19 to pay for potential Borough and Parish Council by elections that are not currently budgeted for and to support the preliminary costs of the 2019 elections.
- (e) £0.015M - to provide additional capacity in the Child Sexual Exploitation Services (CSE) delivered by Barnardo's due to increasing demands on the current service. CSE is a high priority safeguarding area for Children's Services.
- (f) £0.005M - to provide additional capacity for the Independent Visitor service for Looked After Children due to increasing demands on the current service. The Council has a statutory duty to provide sufficient independent visitor support for all LAC children.
- (g) £0.015M - The Joint Negotiating Committee for Coroners have agreed the pay scales and for the Durham Coroner this has been agreed at £130k due to the local complexities. There is a back pay element to the award and it is requested £0.015M is carried forward to fund this payment.
- (h) £0.136M – The Council's license agreements for Microsoft software packages are due to be renewed but Microsoft are moving away from the existing software onto the new Microsoft 365 package. The move to this system will increase license costs by £34,000 per year over four years of the MTFP, therefore the carry forward request will cover this increased cost. The new system will lead to more efficient working practices in officer time and also may replace some other systems over time as contracts come up for renewal saving resources elsewhere within the ICT budget.

18. **Spend to Save** - £0.115M of spend to save carry forward requests have been identified as follows:

- (a) £0.008M - to support agile working for staff with the Commissioning and Contracts team and provide training in negotiation and influencing skills.
- (b) £0.033M - of one-off underspend within the Early Help service to allow flexibility and transition arrangements during the next phase on the implementation of the new early help model to assist with developing an edge of care model.

- (c) Systems £0.044M - Civica e-portal payment store. The purchase of this on-line form that will allow our customers to Apply, Book and Pay for services including for instance bulky waste collections. As we move into the digital era this functionality is vital to ensuring we keep demand with our customers' expectations and it will also bring future efficiencies in processing.
- (d) Systems £0.010M - the authority has made a significant investment in a major upgrade to the Customer Relationship Management (CRM) system. This application allows the management of all contacts (telephone, e mail, web and face to face) into the council and is a key enabler to channel shift, facilitating the movement of expensive contacts (telephone and face to face) into web based self-service ones. The design and structure of the new version means that we can design our own on line forms and target service areas that would benefit most from online, self-service forms. To do this we need to provide training to officers to maximise the potential efficiencies.
- (e) £0.020M to carry forward savings within Democratic Services staffing budgets to fund the Enhanced Democratic Committee Management System. This system will provide efficiencies within working practices.

19. The School balances are in a positive position and are shown in **Appendix 2e**.

Council Wide and Corporately Managed Resources

20. There has been an improvement in Corporately Managed Resources in the last quarter of £0.208M. There has been an improvement in the financing costs outturn of £0.132M relating to £0.049M increased income from investments and a further improvement of £0.080M relating to the saving on the Minimum Revenue Provision. A total of £0.156M of additional non-ring-fenced grant has been received during the year which was not specifically required by a service so will be transferred to general reserves. The Council Wide budget improved by £0.010M and the under spend on the Contingencies budget at outturn reduced by £0.031M.

Housing Revenue Account

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

Collection Fund

22. 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.

23. The Business Rates Collection Fund outturn deficit is £0.909M, of which Darlington's share is £0.446M. Darlington's deficit will be met from Section 31 grant

received during 2017/18 from Central Government for various exemptions and discounts granted under statute.

24. The Council Tax Collection Fund outturn is a deficit of £0.127M, of which Darlington's share is £0.106M. The previous forecast was a break even position. Any council tax surplus or deficit cannot be released or charged to the General Fund in the financial year it is incurred, therefore the deficit will be held within the Collection Fund pending monitoring of the performance of the Council Tax Collection Fund during 2018/19.

Earmarked Reserves

25. 20% Additional Planning Fees – in January 2018 the government allowed Local Authorities to increase their planning application fees by 20% if they commit to invest the additional fee income in their planning department. It is proposed to setup a reserve to capture this additional income and allow the service to draw down on it as appropriate.
26. Digital Apprenticeship Services Account (DASA) – from April 2017 eligible employers pay a levy of 0.5% of their payroll to HMRC which is subsequently credited to a DASA for the employer to use toward approved apprenticeship training costs. The accounting treatment for the DASA requires an earmarked reserve to be created to record the unspent balance of the DASA at the end of the financial year.

Conclusion

27. The Council's draft revenue reserve at the end of 2017-18 is £20.763M, which is £0.530M better than the initial 2018-19 MTFP position. The £0.530M consists of an improvement of £0.322M in departmental resources and an overall improvement in corporately managed resources of £0.208M.
28. An additional £1.189M is being requested to be carried forward into 2017/18 to meet future commitments on top of the £0.709M already approved.
29. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning. The additional reserves of £0.530M are welcomed, particularly in the context of the significant savings required over the coming years.

Outcome of Consultation

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