
REVENUE BUDGET MONITORING 2014-15 – QUARTER 2

**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 2014-15 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The latest projections show an overall improvement of £2.388M, of which £1.392M relates to balances carried forward from the 2013-14 outturn and £0.964M relates to the budget rebasing exercise undertaken in Quarter 1. This is a decline of £0.061M compared with that previously reported to Cabinet on 1 July 2014.
3. The in-year improvement compared with the Medium term Financial Plan (MTFP) for 2014-15 is £0.996M.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2014-15 and actions being taken to manage the Council's finances be noted.
 - (b) The proposed carry forward of resources referred to in paragraph 16 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.

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. 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 second 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 August 2014 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 2015 is £18.867M, which is a very welcome £2.388M improvement on planned balances in the 2014-20 MTFP. Of this, the improvement in the Council's 2013-14 financial results carried forward to 2014-15 is £1.392M and £0.964M relates to the budget rebasing exercise undertaken in Q1.
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)**. Budget management projections indicate there will be an over spend of £0.059M compared with the MTFP and the main reasons are explained below.
12. The **People Group** is forecasting an over spend of £0.530M.
 - (a) Within Looked after Children (LAC) the net pressure has increased by £0.575M, primarily due to savings of £0.750M that were included in the MTFP which are unlikely to be achieved partially due to the placement of two very high cost children this financial year. This pressure is slightly offset by savings on in-house residential and respite provision of £0.080M on staffing and running costs.
 - (b) Additional savings of £0.146M are expected within Family Support due to savings in contact from client travel and support, savings in Children's Centres from the re-provision of early years practitioners from the CDDFT to in-house.
 - (c) Additional social work posts and agency staffing to cover case load demands, within Management & Social Work, are expected to result in a pressure of £0.055M.
13. Whilst there are movement within the Adult Social care is forecasting a break even position at this stage.

- (a) Of the £1.000M savings target included in the MTFP, £0.511M has so far been identified. This has been achieved predominantly by reduction in the cost of care packages due to a reduction in domiciliary hours and adult placement costs, individual CHC assessment resulting in additional income, a reduction in the requirement of the transitions budget and additional joint funding of children's packages.
 - (b) There is a budget pressure of £0.155M projected against the Mental Health Capacity Act and this can be attributed to the recent Supreme Court Judgement (Cheshire West) which has resulted in an increase in the number of Deprivation of Liberty Assessments.
 - (c) A saving of £0.091M has been identified against transport costs which can be attributed to a reduction in the number of people eligible for transport.
14. The **Economic Growth Group** is forecasting an over spend (before carry forward requests) of £0.046M.
- (a) Property Management is expecting a pressure of £0.122M due to costs associated with the rationalisation of the property portfolio and slippage on the sale of the former Arts Centre.
 - (b) CCTV is anticipating an overall pressure of £0.100M by the year-end which has arisen due to falling income, essential remedial works and slippage on the MTFP savings target while a feasibility study is carried out.
 - (c) Parking is showing a projected under spend of £0.185M on previously agreed contingencies arising from the slippage of the Multi Storey Car Park (MSCP), which is requested in paragraph 16 to be carried forward into 2015/16.
 - (d) Underspends from staff vacancies, external fee income and savings from contracts amount to £0.176M which have helped to mitigate many of the above pressures.
15. The **Neighbourhood Services and Resources Group** is forecasting an under spend of £0.517M over a number of areas.
- (a) Estimated savings of £0.200M are expected on the ICT infrastructure budget due to re-profiling of the programme of ICT upgrades and enhancements.
 - (b) Democratic Services are forecasting savings of £0.048M across a number of members support budgets.
 - (c) Business Support are projecting an over spend of £0.076M due to additional permanent and temporary staffing to cover for service demands and sickness.
 - (d) Savings of £0.058M are expected on the Xentrall Partnership due to lower pay awards to staff across two years.

- (e) Savings of £0.100M are expected on legal costs associated with current equal pay claims.
- (f) Pressures from lower than anticipated income levels in both the crematorium and leisure services are expected to be £0.100M and continue a trend seen in previous years.
- (g) The recent extension of the waste contract is expected to deliver savings of £0.280M per annum.

Carry Forward Requests

- 16. It was initially anticipated the MSCP was due to start in early 2014/15, however as the work will now start in January 2015 the contingency monies set aside for loss of income etc. is not fully required this financial year. The budget will however be required in 2015/16 to help fund the Town Centre parking measures approved by Cabinet and Council on 25 September 2014 and it is requested that the under spend of £0.185M within Parking is carried forward into the 2015/16 financial year.
- 17. School balances are shown in **Appendix 3e**

Corporately Managed and Council Wide Resources

- 18. The Council Wide forecast position is an over spend of £0.002M.
- 19. Corporately Managed Resources is currently forecasting an under spend of £2.634M, an improvement of £0.188M from Quarter 1. Financing Costs is showing an improvement of £0.388M from the last quarter due to reduced repayment of principal because of slippage in the capital programme, a reduction in interest payments relating to reduced long term borrowing and increased interest received on an increased volume of investments and higher interest rates being received on these investments.
- 20. The Economic Growth savings of £0.200M identified in the MTFP are expected to be realised from the estimated surplus on the Collection Fund at the end of 2014/15, however due to statutory requirements any contribution from the Collection Fund to General Reserves can only take place in 2015/16.

Housing Revenue Account

- 21. The HRA projections are shown in **Appendix 4** and are showing 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 Council Tax Collection Fund is estimated to be in surplus by around £0.720M at the end of 2014/15, of which the Council's proportion is approximately 83%, or £0.600M, and this sum has been identified as available resources for the 2015/16 MTFP.
24. The Business Rates Retention Scheme Collection Fund is in its second year of operation and the year-end position is more difficult to predict. It is likely that there will be a deficit at year-end although this is expected to be met from the receipt of additional Section 31 grant from Government.

Conclusion

25. The Council's projected revenue reserves at the end of 2014-15 are £18.867M, which is £2.388M better than the initial 2014-20 MTFP position and include a brought forward amount of £1.392M from 2013-14 and £0.954m from the rebasing exercise carried out in quarter 1.
26. 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

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