
REVENUE BUDGET MONITORING 2013-14 – 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 2013-14 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 2013/14. The latest information provided to members was contained in the Draft MTFP report 2014/15 and beyond. The figures in this report increase projected balances at 31 March 2014 by £2.775M which is helpful in terms of managing the medium term pressures. Work is being undertaken to assess any impact on future year budgets and any changes will be reflected in the revised MTFP report to Cabinet and Council in February.
3. Improvements have been seen across all areas, the most significant being in Council Wide Savings where the implementation of 'HOW' the Council operates savings reported to Cabinet on 9 April 2013 were achieved earlier than anticipated saving £0.980M in the year.
4. Further areas of large savings have been achieved in both Adults and Children's services along with Organisational Planning and are detailed in the main report.
5. The improved outturn position whilst helpful does not change the medium term financial context the council is currently planning within.

Recommendation

6. It is recommended that :-
 - (a) The forecast revenue outturn for 2013-14 and actions being taken to manage the Council's finances be noted.

- (b) The proposed carry forward of £0.415M of departmental resources to 2014/15 referred to in paragraph 17 be noted and approved.
- (c) Further regular reports be made to monitor progress and take prompt action if necessary.

Delegations

7. This report does not require any delegation.

Reasons

8. 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

9. 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.
10. The information for this report has been taken from the financial records for April to November 2013 and service managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
11. Overall the projected General Fund reserves position at 31st March 2014 is £17.473M, which is a £6.505M improvement on planned balances in the 2013-17 MTFP. Of this, the improvement in the Council's 2012-13 financial results carried forward to 2013-14 is £1.648M as well as the previously mentioned £1.918M savings identified and removed from budgets in Quarter 1. The projections are summarised in Appendix 1.
12. Projections which have previously been reported to Cabinet are presented graphically in **Appendix 2**.

Departmental Resources

13. 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 under spend of £2.443M compared with the MTFP which is £1.997M better than that previously reported to Cabinet in Quarter 2, the main reasons are explained below.
14. The **People Group** is forecasting an under spend of £1.468M, an improvement of £0.984M from that previously reported. The main variances are;
 - (a) Family Support with a forecast improvement of £0.475M from the previous report due to savings arising from staff turnover, children contact costs and running costs of children's centres.
 - (b) The Commissioning division, £0.150M improvement due to revised contract arrangements on the Supporting People Programme and unused contingencies.
 - (c) Adult Social Care a forecasted £0.404M. £0.250M due to detailed analysis and subsequent recovery of direct payment contingencies which were not required by service users, and savings on contract inflation (£0.050M) and the transitions budget (0.060M).

15. The **Place Group** is forecasting an under spend of £0.202M, which is an improvement of £0.468M from that previously reported. The main variances being;
- (a) Funding received of £0.289M has contributed to the achievement of public health objectives within services provided by Place in particular in cultural services.
 - (b) Street Scene has seen an improvement of £0.086M following changes made to the operation of the Trade Waste Service as well as savings in transport supplies and services.
 - (c) The Flood and Water Act budget is forecasting an improvement of £0.049M due to a reduced demand for this service.
 - (d) As the year has progressed, income projections for both Car Parking and Development Management have given rise to increases in the projected pressures. Taking into account the “Free after Three” deal during December and a general decline in income the pressure has increased by £0.090M. The pressure on planning fee income is now forecast to be £0.085M.
 - (e) Housing General Fund is forecasting an improvement of £0.034M due to a continued lower demand for funds from the Social Fund programme.
16. The **Resources Group** is forecasting an under spend of £0.773M, an improvement of £0.545M from that previously reported, the main variances being;
- (a) Organisation Planning are forecasting an improvement of £0.298M. A number of dispersed budgets across the authority were brought together when the Organisational Planning unit was brought together and subsequently a review and rationalisation has taken place. Savings include £0.075M on printing and marketing, £0.050M on Community inclusion and £0.025M on running costs.
 - (b) Financial Services and Governance are forecasting an improvement of £0.073M due to the receipt of additional income and a reduction in unfunded superannuation expenditure.

Carry Forward requests

17. There are also a number of underspends in departments due to slippage in the current year and approval is requested to carry these amounts forward into the new financial year these are;
- (a) Local Sustainable Transport Fund income of £0.100M has been received within the Programmes and Projects service. It is requested that £0.100M is carried forward into 2014/15 to maintain the momentum and continuity of the existing LSTF programme and to ensure future commitments for this programme are met.
 - (b) Highways are under spending by £0.049M and it is requested that £0.030M is carried forward into 2014/15, £0.020M for works relating to public rights of way

which have slipped whilst awaiting a public enquiry in April 2014 and £0.010M for signage works linked to the Parking Strategy.

- (c) In the Organisational Planning unit there have been savings of £0.090M on conditions survey work and £0.050M on the web upgrade due to slippage. Both are requested to be carried forward into 2014/15 to be able to complete the programme.
- (d) The Equal Pay Counsel budget is projected to have a balance of £0.145M at the year end which is the remaining balance from the Cabinet approval to defend equal pay claims given in July 2010. This is required to continue the defence in the next year.

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

Corporately Managed and Council Wide Resources

19. The Council Wide forecast position is an under spend of £0.998M, an improvement of £0.980M. The 2013-17 MTFP included a savings target of £1.500M for 2013/14 and £3.000M in 2014/15 for 'HOW' the Council operates savings and included reviews and restructures in most back office services including Finance, Human Resources and Organisational Planning. Due to early implementation of the savings and a restructure in Resources all of the savings have been achieved in 2013/14 resulting in the improvement of £0.980M.
20. Corporately Managed Resources is currently forecasting an under spend of £1.831M, an improvement of £0.215M from that previously reported. This is due to the return to general resources of £0.110M of non ring-fenced grant income and financing costs savings of £0.105M on the repayment of principal and interest due to the later timing of capital expenditure and the receipt of increased investment income.

Housing Revenue Account

21. HRA projections are shown in **Appendix 4**. The HRA remains stable.

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

Conclusion

23. The Council's projected revenue reserves at the end of 2013-14 are £17.473M, which is £6.505M better than the initial 2013/17 MTFP position. Departmental reserves are projected to be in surplus by £2.443M, of which £0.415M is requested to be carried forward into 2014/15 to meet future commitments, there is a brought forward amount of £1.648M from 2012-13 and corporate reserves are projected to be in surplus by £2.829M compared with the 2013-17 MTFP.
24. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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