

REVENUE BUDGET MONITORING 2011-12 – QUARTER 3

Responsible Cabinet Member - Councillor Steve Harker
Efficiency and Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To provide an up-to-date forecast of the 2011-12 revenue budget outturn as part of the Council's continuous financial management processes and request £80,000 for a deferred public enquiry be transferred to an earmarked reserve.

Summary

2. The current economic climate and outlook specifically for the public sector mean that financial management is of paramount importance.
3. The latest projections show an overall improvement of £3.499M compared with the approved Medium Term Financial Plan (MTFP) for 2011-15. This is an improvement of £1.406M compared with the draft MTFP for 2012-16 reported to Cabinet on 22 November 2011.
4. The improvement in the projected outturn for 2011/12 is helpful, but does not significantly change the outlook described in the 2012-16 draft MTFP.

Recommendation

5. It is recommended that :-
 - (a) The forecast revenue outturn for 2011-12 and actions being taken to manage the Councils finances and services be noted.
 - (b) £80,000 for the Local Development Framework deferred public enquiry be transferred to an earmarked reserve for use in 2013/14.
 - (c) 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 ensure the resources for the public enquiry are available when required.
 - (c) To continue to deliver services to agreed levels.

Paul Wildsmith
Director of Resources

Background Papers

No background papers were used in preparing this report other than those referred to in the 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 carbon impact implications in this report
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	The report does not propose changes to the budget or 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 statutory 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.
8. The information for this report has been taken from the financial records for April to November 2011 and service 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 31 March 2012 is £10.683M, which is £3.499M better than planned in the 2011-15 MTFP. Corporately managed resources are forecast to be £1.374M better than the MTFP and departmentally-managed net expenditure is forecast to be £0.727M better than the MTFP. The projections are summarised in **Appendix 1**. The latest projection is also a further improvement on that used as the starting point for the draft 2012-16 MTFP, reported to Cabinet on 22 November 2011.
10. Projections which have previously been reported to Cabinet and Chief Officers Board 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 show a surplus of £0.807M compared with the 2011-15 MTFP. This is £1.384M better than the projected outturn included in the draft MTFP for 2012-16.
12. Council Wide Budgets – there is a projected over spend of £0.259M forecast, a decline of £0.053M from that previously reported. This is due to increased pressures in ICT infrastructure costs which in part have been offset by the release of the National Insurance savings in the MTFP.
13. The People Group is projecting an under spend of £0.474M, an improvement of £0.764M from that previously reported. There has been an increase of £0.194M in projected external placement costs resulting from a net increase in placements but these have been offset by staffing and allowance savings. In the Educational Services Division there has been a number of savings in the last quarter totalling £0.405M, this relates to utility savings, reduced transport charges, savings on the 14-19 budget, PRU running costs as well as pension and procurement savings.
14. Adults Services have negotiated with the PCT and GP commissioners to use some of the Social Care funding that transferred from the PCT to be reallocated to maintain existing services within Adult Social Care which meet the criteria for the additional funding which are prevention and integration. This amounts to a £0.300M saving. Throughout the year Adult Services have been anticipating a high cost package, which is currently funded via the

PCT, to be transferred to social care services, after a review of this needs it is felt that this is unlikely to happen in this financial year and consequently a saving of £0.100M is anticipated.

15. The Place group is projecting an under spend of £0.547M, an improvement of £0.530M from that previously reported. There has been over £0.330M improvement in Policy & Regeneration area, however this includes £0.080M for a public enquiry in regard to the Local Development Framework that has been deferred to 2013/14. Members are requested to transfer this money into an earmarked fund so this funding can be held until required. The remaining improvements relate to the pre-scoping of the Flood & Water Management Act that is not required as a result of earlier work saving £0.075M and holding of a number of vacant posts which have improved the overall position by £0.172M and further improvements on concessionary fares of £0.097M. Offsetting some of these savings is a £0.150M pressure added to reflect the potential risk on planning fees & £0.050M increase in Building Control.
16. With the introduction of the VAT exemption on show income at the Civic Theatre in December, it is now expected that there will be an additional £0.100M generated in income this financial year. Following the Building Services restructure the officer time spent dealing with property & premises support has been absorbed into the overall Building Services targets which will result in a £0.089M under spend. The DLO has seen an improvement of £0.060M which relates to an improving position across Catering, School Meals and Building Services.
17. The Resources group is projecting an over spend of £0.035M, an improvement of £0.063M from that previously reported. This is due to savings in the centralised training budget, additional recruitment advertising income and various savings from unfilled staff vacancies. These are partly offset by a £0.050M pressure from the Darlington & Stockton Partnership Design and Print income shortfall.
18. School balances are shown in **Appendix 3(e)**.

Corporately Managed Resources

19. The latest projection of corporate resources is a £1.374M surplus, an improvement of £0.102M from that previously reported. This is due to the return to Reserves of two unused Grants, namely £0.100M Adults Grant and £0.085M LSSG Grant, however this is slightly offset by a £84k due to Customs and Excise for underpayment of VAT at the Dolphin Centre for soft play where income had been incorrectly attached to an exempt VAT code.

Housing Revenue Account

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

Savings

21. Progress in implementing planned savings in the 2011-15 MTFP is reported in **Appendix 5**. The total planned savings in 2011-12 is £6.286M against a target of £6.983M, a shortfall of £0.698M.

Collection Fund

22. The Collection Fund is a statutory account for Council Tax and business rates income. Payments are made from the Collection Fund to the Council's General Fund and to the Police and Fire & Rescue Authorities, on whose behalf the Authority collects Council Tax. Latest projections are that the Fund will be in deficit by £713,000 at the end of this year, of which the Council's share is £552,500. Factors that are influencing the deficit are an increase in discounts given e.g. Single Person Discounts, and also a higher than anticipated increase in exemptions e.g. Empty properties. The Revenues and Benefits section have an ongoing programme to review discounts and exemptions on a regular basis and will undertake some specific targeted reviews during 2012. This will ensure that all discounts and exemptions are properly awarded and, where appropriate, will reduce the amounts awarded.
23. There is work ongoing to reduce the council tax arrears but in the short term the bad debt provision has been increased by an additional £150,000. Additional resources have been deployed to recover the high level of Council Tax arrears currently outstanding. This should result in some additional income for the Council, but will also mean it is likely that some older debts will need to be written off.
24. The projected deficit is not included in the projected outturn figures as it must be taken into account in calculating the overall resources for 2012-13 and will be reflected in the MTFP 2012/13 – 2015/16.

Conclusion

25. Assuming Cabinet agree to transfer £0.080M to reserves for the public enquiry, the Council's projected revenue reserves at the end of 2011-12 are £10.683M, which is £3.499M better than the planned position. Departmental reserves are projected to be in surplus by £0.727M and corporately managed reserves in surplus by £1.374M compared with the 2011-15 MTFP.
26. The latest projected outturn is £1.406M better than that reported in the draft MTFP for 2012 to 2016. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.

Outcome of Consultation

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