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**REVENUE OUTTURN 2012-13**

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**Responsible Cabinet Member - Councillor Stephen Harker**  
**Efficiency and Resources Portfolio**

**Responsible Director - Paul Wildsmith, Director of Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the revenue outturn 2012-13, to allow Members to consider the results in light of the Council's Medium Term Financial Plan (MTFP) for the General Fund and also to consider the Collection Fund and Housing Revenue Account outturn.

**Summary**

2. The Council's revenue results for 2012-13 are satisfactory and Cabinet is asked to approve carrying forward to 2013-14 a number of budget allocations totalling £1.198M. If the proposals in this report are approved there will be an increase in General Fund reserves of £1.650M compared with the approved MTFP for 2013-17.
3. This improvement is helpful and will assist the financial position in future years however it does not fundamentally change the outlook described in the 2013-17 MTFP.
4. The Housing Revenue Account (HRA) working balance is £8.354M, £2.161M better than anticipated in the 2013/17 MTFP and has enabled future capital works to be funded from existing resources which reduces borrowing costs.

**Recommendation**

5. It is recommended that :-
  - (a) The satisfactory results for 2012-13 revenue outturn be noted.
  - (b) Resources totalling £1.198M be approved to be carried forward to 2013-14.

**Delegations**

6. This report does not require any delegation.

## 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**  
**Director of 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 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.

## MAIN REPORT

### Information and Analysis

8. The Council's 2012-13 revenue accounts are close to being finalised, subject to Audit. The financial results for 2012-13 are an important part of the continuous cycle of financial management that includes resource allocation, budgeting, budget management and review.
9. The overall financial results are satisfactory. Departmentally managed budgets are £2.770M better and corporately managed budget £0.078M better than the 2013-17 MTFP, however there are a number of areas where expenditure has slipped and £1.198M is requested to be carried forward as detailed in paragraph 33 below with £1.650M being returned to corporate reserves.
10. The closing General Fund balance is projected to be £17.032M, of this, Members will be aware that the 2013-14 MTFP agreed utilisation of reserves of £4.414M and identified a prudent risk reserve balance of £6.820M.

### General Fund

11. The provisional outturn for 2012-13 is summarised in the table below.

	2012/13 Original Budget	Revised Budget - Outturn Reported in the 2013/17 MTFP	Provisional Outturn	Carry Forward requests	Variance to 2013/17 MTFP
	£000	£000	£000	£000	£000
People Group	43,515	44,817	43,425	117	(1,275)
Place Group	19,463	18,959	18,373	374	(212)
Resources Group	13,741	13,966	13,174	407	(385)
Council Wide	(629)	(33)	(67)		(34)
Corporate Resources	4,520	(1,802)	(1,846)	300	256
<b>Totals</b>	<b>80,610</b>	<b>75,907</b>	<b>73,059</b>	<b>1,198</b>	<b>(1,650)</b>

n.b. The revised outturn position in the 2013/17 MTFP was based on predictions in November 2012.

### Outturn

12. **The People Group** outturn projection, after carry forward requests, is an over spend of £0.027M, an overall improvement of £1.275M split between Children's Services at £1.022M and Adult Social Care at £0.253M, the reasons for significant variances are shown below.
13. The looked after children pressure has reduced by £0.412M due to net placement movements in March and some expenditure being met from DSG budgets. Passenger Transport savings of £0.062M have been achieved within Educational Services and there are overall savings of £0.174M within Family Support due to

restricting spend and vacant post management, including a reduction of £0.083M on contract and agency costs.

14. Strategic Commissioning outturn has improved by £0.223M, primarily due to an unused contingency of £0.112M not being required, savings of £0.041M due to posts being funded by revenue grant. Savings of £0.070M within the Workforce Development Training budget have been achieved due to a reduced call on the graduate leadership fund.
15. Adult Social Care outturn has improved by £0.274M. Additional transitional Mental Capacity Act grant funding was received however the transitional arrangements have mostly been funded within existing provision, achieving a saving of £0.083M. There have also been further expenditure offsets against the PCT carry forward amounts of £0.023M. Additional joint funding income has been received due to new clients and changes in funding percentages achieving £0.082M additional income. The agreement of the 2012/13 costs in regard to the advocacy contract which were in dispute has resulted in a £0.053M saving. The remaining balance is due to small savings in the transitions and children's short break stay budgets.
16. **The Place Group** outturn position, after carry forward requests, is an under spend of £0.716M, an improvement of £0.212M compared with the 2013-17 MTFP.
17. Costs associated with the cross boundary bus services were significantly lower than previously anticipated which saw over £0.150M of provisional sums released into 2012/13. Due to the later than expected implementation of the Flood & Water Act agreement with Stockton Borough Council it has been agreed that there will be only a minimal fee charged for 2012/13 which achieves a saving of £0.040M. Car parking patronage performed better than anticipated over the last quarter seeing the pressure fall by £0.074M. Regulatory Services overall saw an improvement of over £0.100M through additional income and under spends on supplies and services.
18. Following the settlement of a successful show programme and general close monitoring of spend the Civic Theatre saw an overall improvement over the last quarter. However this is slightly offset by a fall in income from the Dolphin Centre against anticipated budget. Overall Leisure and Culture facilities saw an improvement of £0.090M. Patronage was better over the last part of the year at Stressholme which contributed towards an overall improvement of £0.040M.
19. Street Scene improvement overall by £0.150M in the last quarter, the majority of which relates to the release of savings made from either delaying the replacement of a number of fleet assets until future years or managing the internal fleet to minimise external hires. Waste disposal saw lower than anticipated tonnages over the last quarter giving an improvement of over £0.050M.
20. Due to the prolonged cold weather over the last quarter Winter Maintenance over spent by £0.044M. Due to a fall in chargeable project works fee targets for Building Design were not achieved which saw the position worsen by £0.090M. This is partially offset by an improvement of £0.068M in Highways.

21. Final outturn figures for traded services is a £1.452M profit which is £0.450M less than previously reported. The majority of this relates to Building Services which reflects and overall reduction in anticipated turnover for major works of around £4.000M and also changes to internal claiming procedures, which has seen a reduction in recharges to HRA. The fall in turnover is mainly linked to schools capital which has not been released in 2012/13.
22. Housing outturn is an under spend of £0.144M, an improvement of £0.038M compared with the 2013-17 MTFP. This is primarily due to an improvement in the collection of rent overpayments and reduced write-off's.
23. **The Resources Group** outturn position, after carry forward requests, is an under spend of £0.160M, an improvement of £0.385M compared with the 2013-17 MTFP.
24. Democratic Services has seen an improvement of £0.041M due to the receipt of additional appeals income and savings on supplies and services budgets. Registrar's income from ceremonies has increased by £0.055M and savings on the marketing and printing budget of £0.093M have been achieved from more efficient use and pulling back towards minimum spend.
25. Financial Services has seen improvements of £0.038M on staffing savings, additional financial assessments income and efficiencies on banking costs.
26. The Xentrall Shared Service partnership has seen an improvement of £0.088M due to additional income from academies and lower than anticipated prudential borrowing costs.
27. Additional expenditure of £0.045M on ICT infrastructure has been incurred offset by savings of £0.041M within the Transformation team on staff turnover and supplies and services budgets.
28. Human Resources have achieved savings of £0.046M on staffing and the Resources Group training budget along with Equal Pay legal costs which were £0.066M lower than anticipated.
29. **Corporately managed and Council wide resources** which covers budgets that cannot be allocated directly to a particular department along with financing costs and contingencies is £0.222M worse than the 2013-17 MTFP. This is primarily due to the ICT architecture contingency of £0.300M that was previously released in Quarter 3 being required in 2013/14. Offsetting this are improvements as a result of reduced carbon reduction commitment allowance charges, an improvement in Financing Costs of £0.024M and unallocated grant income of £0.023M.

## **Housing Revenue Account**

30. The final HRA outturn working balance is £4.154M, £2.116M better than anticipated in the 2013/17 MTFP. Slippage on the capital programme resulted in savings on revenue contributions to capital of £1.759M. Additional rental income through reduced voids and lower council house sales amounted to £0.190M and repairs and maintenance charges are £0.168M lower than anticipated which has been

achieved due to fewer jobs and reduced costs per job. There were also savings in management costs and support services recharges.

### **Carry Forward Requests**

31. There have been a number of areas of expenditure slippage where either works could not be completed before the year end or where it was prudent to delay expenditure. Members are therefore requested to approve the following specific carry forward of resources into 2013-14:-

- (a) The People Group has a credit year-end balance of £0.090M. Approval is requested to carry forward £0.117M into 2013-14:-
  - (i) £0.016M within Family Support to provide additional short term capacity whilst implementing the new structure (merging of posts as part of MTFP savings) particularly around the youth offer in order that the service can have a seamless transition.
  - (ii) £0.020M within Workforce Development to cover backfill arrangements within the learning disability team during 2013/14 whilst staff are on a training secondment.
  - (iii) £0.060M within Darlington Together to cover the commissioning for resilience / community support network. This work has been ongoing during 2012/13 however final commissioning has as yet not taken place due to a review, therefore funding is required in 2013/14 to enable the commissioning process to be completed.
  - (iv) £0.021M within Adults Social Care. The Dementia Advisor Service has been commissioned for a two year period which is being funded by DBC and TEWV Mental Health Trust. The service did not start until September and it is requested that Members approve £0.010M to continue to fund the service until August 2013. Mental Capacity Act grant was received in 2012/13 to manage the changes as responsibility moves to local authorities and it is requested that members approve £0.011M for admin support to fully implement these changes in 2013/14.
- (b) The Place Group has a credit year-end balance of £1.090M. Approval is requested to carry forward £0.374M into 2013-14:-
  - (i) Policy & Regulatory Services £0.022M – Due to slippage on various projects including web site development within Economic Development and associated software costs in a number of other service areas including CCTV.
  - (ii) Community Services £0.037M - The strategic arts development budget saw some slippage in 2012/13 as the Creative Darlington Manager post was not recruited until 28 July 2012. The Creative Darlington board requested the Manager prioritise work on developing a business plan and a draft was produced in December 2012, however, the Creative

Darlington board asked for further work to be done. Creative Darlington priorities have now been agreed and it requested that the unspent element in 2012/13 be carried forward into 2013/14 as per the agreed business plan.

- (iii) Community Services £0.052M - A final consultants plan has been completed on the library Dovecot and immediate repairs have taken place to make safe, however the plan has unveiled that further structural repairs are needed to be completed. The work is in the council's procurement process and will be completed within the next 3 to 6 months at a cost of £0.030M. Due to slippage at the Civic Theatre the completion of the toilet refurbishment slipped into early 2013/14 with an associated cost of £0.022M.
- (iv) Community Services £0.023M – Completion of the Street Scene mobile working project will allow calls that are recorded in the contact centre to be logged and then go straight to operatives in the field who can then carry out the work and close the case quickly and efficiently. It is requested £0.023M is carried forward.
- (v) Community Services £0.013M – Following the introduction of wheeled bins there has been an increased demand from the public for recycling boxes and bags and it is requested that £0.013M from 2012/13 be carried forward to help meet this demand.
- (vi) Highways, Design & Projects £0.090M – Two footbridges had been identified for essential works which required access permission over private land. Permission has been granted but site conditions and high water levels over the last 12 months have not allowed access for construction vehicles. This work is planned to be completed in 2013/14 at a cost of £0.030M. Street Lighting cable works have been delayed in some locations so that they can be carried out in conjunction with column replacement works allowing direct connections in to the new columns and reducing cost. It is requested that £0.060M be carried forward to complete this cable replacement works.
- (vii) Highways, Design & Projects £0.012M – Traffic management installation of static signs originally scheduled for 2012/13 have been on hold until the design of the Stonebridge junction was finalised to avoid abortive work. This work is now scheduled to be completed in 2013/14.
- (viii) Policy & Regulatory Services £0.070M – Slippage on Single Programme match funding projects. Slippage on design works for Business Growth Hub which is match funded by HCA £0.030M & feasibility study & appraisal reports for Town Centre Fringe project £0.040M which will lever in additional Homes and Communities Agency.
- (ix) Policy & Regulatory Services £0.050M – Slippage on Gypsy & Traveller Site Provision Feasibility Study due to the nature of feasibility work and its scope is determined by the outcome of the revised Lease agreement

and subsequent consultation. Lease agreement must be acceptable and conform to the Homes and Communities Agency grant funding conditions.

- (c) The Resources Group has a credit year-end balance of £0.567M. Approval is requested to carry forward £0.407M into 2013-14:-
- (i) Estates £0.015M - Due to the prolonged wet weather, works to replace the eaves soffit and guttering at North Lodge have slipped into 2013/14. In addition protracted negotiations with the landlord regarding dilapidations at 4 Woodland Road have resulted in payment for dilapidations now falling due in 2013.
  - (ii) Estates £0.090M - The Repairs and Maintenance budget has under spent pending condition reports on Dolphin Centre, Town Hall, Central House and Annexe. The outcome of these reports together with other condition surveys will form the basis of a capital bid together with an updated revenue plan. It is clear from an initial appraisal that there will be a significant demand on the revenue budget (as well as capital programme) and the £0.090m under spend will assist the funding of the revenue aspect of the works.
  - (iii) Customer Services £0.040M – To cover the costs of the Lagan upgrade in 2013/14. This work was agreed through Transformation Board to be undertaken in 2013/14.
  - (iv) Web Team £0.066M – To cover the costs of upgrading the Council's web site.
  - (v) Equal Pay legal costs £0.195M – Cabinet approved a budget of £0.380M to defend equal pay claims at its meeting in July 2010. The remaining balance of £0.195M does not require further approval but is included here for information purposes.
- (d) Corporate Resources - Contingencies of £0.300M for ICT Architecture were released into reserves in the third quarter as the programme had slipped however this funding is still required to ensure the stability of the programme. It is therefore requested that it be carried forward into 2013/14.

### **Collection Fund**

32. 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. Council tax collection impacts directly on the resources available and, subject to audit, the Collection Fund outturn for 2012-13 for the Council is a surplus of £0.042M.

## **Conclusion**

33. The Council's projected revenue reserves at the end of 2012-13 are £17.032M, assuming the carry forward requests amounting to £1.198M are approved. This is an improvement of £1.650M from the position used for the 2013-17 MTFP.
34. Of the £17.032M members will be aware £6.820 has been identified as a prudent risk reserve, £2.914M utilised in the 2013/14 MTFP and £1.500M allocated to the redundancy and decommissioning reserve. Whilst the out turn is positive and the additional reserves helpful to support the 2013/14 budget and beyond, it does not fundamentally change the outlook in the 2013-17 MTFP.
35. In light of the improved year-end position an exercise has been carried out to determine if there is any possibility of reducing the 2013/14 budgets at an early stage. The results of this exercise are included in the Quarter 1 report appearing later on today's agenda.

## **Outcome of Consultation**

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