
REVENUE BUDGET MONITORING 2013-14 – QUARTER 1

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

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To provide an early forecast of the 2013-14 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. This is the first revenue budget management report to Cabinet for 2013-14. The latest projections following a budget rebasing exercise show an overall improvement of £3.201M of which £1.650M relates to balances carried forward from the 2012/13 out turn.
3. The in year improvement compared with the approved Medium Term Financial Plan (MTFP) for 2013-17 is £1.551M.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2013-14 and actions being taken to manage the Councils finances be noted.
 - (b) 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 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. This is the first revenue budget management report to Cabinet for 2013-14 and provides an early forecast of the 2013/2014 revenue budget as part of the council's continuous financial management process.
8. 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 first 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.
9. The information for this report has been taken from the financial records for April to May 2013 and service managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
10. A detailed review of the 2013-14 budgets has been undertaken during April and May with managers scrutinising their budgets in light of the 2012-13 outturn position. In total managers have identified £1.907M of on-going savings which can be removed from budgets without impacting on service delivery and a further one off saving of £0.011M. This will be the first contribution to bridging the budget gaps in future years.
11. Whilst the £1.918M has been identified across all service areas, the most significant savings are in Adult Social care where £0.774M has been identified to be removed from external purchase of care and £0.444M of expenditure which can be set against the increased allocation in Social Care funding for 2013/14 and £0.051M identified as savings from the in-house day care services review.
12. Another significant saving is a £0.250M grant for Youth Offending Services, it was originally assumed this grant would cease and funding was identified and allocated corporately for the service, as this funding is confirmed and anticipated to remain the resource allocation can be returned to general fund reserves.
13. The Place group have identified £0.331M that can be removed across a number of areas including concessionary fares, car parking, waste disposal contract inflation and increased income. A further £0.095M has been identified in the Resources group for removal.
14. The recurring savings have been moved from departmental budgets into balances to ensure they are captured and can be seen in summary at **Appendix 1**.
15. The outturn analysis and work undertaken in the first 2 months of the year have highlighted pressures of £0.385M. Details are noted in paragraphs 17 to 19.
16. Overall the projected General Fund reserves position at 31st March 2014 is £14.169M, which is £3.201M 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 £1.650M. The projections are summarised in Appendix 1.

Departmental Resources

17. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**. It is difficult to predict year end positions at this early stage however budget management projections indicate there will be a deficit of £0.385M compared with the MTFP and reasons are explained below.
18. The People Group is forecasting an over spend of £0.232M, this is due to a pressure on the looked after children budget of £0.263M. Although there has been an overall decrease in the number of external placements there has been an increase in in-house fostering, with a large increase in the number of kinship carers and adoption placements since the budget was set. Offsetting this pressure is a projected savings of £0.017M on Section 17 costs based on spend to date.
19. The Place Group is forecasting an over spend of £0.153M. Trade refuse income is significantly lower than anticipated due to a continued loss of business as there has been a move on businesses using local services to national agreements. Work is ongoing to reduce operational costs which should see the work being carried out with only one vehicle and crew, but this is not expected to be in place until the middle of the financial year. This will not fully address the pressure, which is expected to be ongoing. It should be noted that the service is still profitable.
20. School balances are shown in **Appendix 2e**.

Corporately Managed Resources

21. The Council Wide outturn position is an under spend of £0.018M on the Carbon Reduction Commitment liability based on prior years expenditure.

Housing Revenue Account

22. HRA projections are shown in **Appendix 3**. As well as the improvement in the projected opening balance following last years results, there has been a further improvement in income from rents and service charges and additional interest receivable on balances and a small increase in management costs attributable to the additional income generated on service charges.

Collection Fund

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

Conclusion

24. Following the positive 2012-13 outturn position a detailed analysis of budgets has been undertaken and one off and recurring savings of £1.918M have been identified and moved into reserves. Although we are at a very early stage in the budget monitoring process pressures of £0.385M have also been identified. The early indications are that the council's projected revenue reserves at the end of 2013-14 will be £14.169M, which is £3.501M better than the planned position. Departmental reserves are projected to be in deficit by £0.385M, and corporate reserves in surplus by £3.586M compared to the 2013-17 MTFP.

Outcome of Consultation

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