

REVENUE OUTTURN 2010-11

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 present the revenue outturn 2010-11, 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 2010-11 are satisfactory. Cabinet is asked to approve carrying forward to 2011-12 a number of resource allocations and to give approval for Departmental underspends to increase Corporate resources. If the proposals in this report are approved there will be an increase in General Fund reserves of £1.510M compared with the approved MTFP for 2011-15.
3. This improvement is helpful, however it does not fundamentally change the outlook described in the 2011-15 MTFP.

Recommendation

4. It is recommended that :-
 - (a) The satisfactory results for 2010-11 revenue outturn be noted.
 - (b) The increase in General Fund corporate resources of £0.004M from General Fund corporate reserves be noted.
 - (c) Net contributions from departmental resources of £1.506M to General Fund corporate reserves be approved.
 - (d) Resources totalling £1.202M be approved to be carried forward to 2011-12.

Reasons

5. 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 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 specific Health and Well Being implications in this report
Carbon Impact	There are no carbon impact implications 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

6. The Council's 2010-11 revenue accounts are close to being finalised, subject to Audit. The financial results for 2010-11 are an important part of the continuous cycle of financial management that includes resource allocation, budgeting, budget management and review.
7. The overall financial results are satisfactory. Departmentally managed budgets are £2.708M better than the 2011-15 MTFP, however this includes a number of areas where expenditure has slipped and £1.202M is requested to be carried forward. Before any transfers between corporate and departmental resources, corporate balances are £0.004M better than the 2011-15 MTFP. The closing General Fund reserves balance is projected to be £10.789M, which is £1.510M better than the 2011-15 MTFP.

General Fund

8. The provisional outturn for 2010-11 is summarised in the table below.

Projected General Fund Reserve at 31 March 2011	Variance from 2010-14 MTFP	Variance from 2011-15 MTFP
	£000	£000
MTFP Planned Opening Balance 01/04/2010	11,560	
Approved net contribution from balances	(321)	
Increase in opening balance from 2009-10 results	655	
Corporate underspends / (overspends)		
Financing Costs	905	342
Joint Bodies & Levies	33	
Area Based Grants	102	
Mid year Savings	1,213	
In-year grant reduction	(919)	
LAA Reward Grant	142	42
Insurance Fund	1,000	
Insurance Claim	109	
Freedom Marches	(11)	
DSG adjustment	51	
Pay Award	275	
Equal Pay Legal Costs	(380)	(380)
Redundancy/Decommissioning Reserve	(4,240)	
Sub-Total	10,174	4
Departmental underspends / (overspends)		
Children's Services	(1,957)	(212)
Community Services	2,797	1,697
Chief Executive	608	353
Corporate Services	369	870
Departmental total	1,817	2,708
Carry forward requests	(1,202)	(1,202)
Projected General Fund Reserves at 31 March 2011	10,789	1,510

Departmental Resources

9. Departmental outturn projections for 2010-11 show an improvement of £2.708M compared with the 2011-15 MTFP. It is proposed to make a net transfer of £1.506M to corporate reserves, comprised of £1.718M of departmental savings transferred to corporate resources and £0.212M from corporate resources to meet increased costs in Children's Services.
10. The proposed use of departmental resources is summarised below:-

	Retained as departmental carry forward to 2011-12	Transfers to Corporate Resources	Transfers from Corporate Resources	Total
	£M	£M	£M	£M
Children's Services	-	-	(0.212)	(0.212)
Community Services	0.451	1.246	-	1.697
Chief Executives	0.162	0.191	-	0.353
Corporate Services	0.589	0.281	-	0.870
Total	1.202	1.718	(0.212)	2.708

11. 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, for example to minimise customer disruption or avoid potential severance costs. Members are therefore requested to approve the following specific carry forward of resources into 2010-11:-
- (a) Community Services has a credit year-end balance of £1.697M. It is proposed that £1.246M be returned to corporate resources and approval is requested to carry forward £0.451M into 2011-12:-
- (i) £145,000 for essential bridge and structural maintenance works that emerged at the latter end of 2010/11 and could not be completed due to the time taken to design and mobilise for repairs and legal delays.
 - (ii) £129,000 to carry forward funds identified and budgeted for in 2010/11 for planned maintenance and refurbishment works which due to delays have slipped into 2011/12. This includes essential repairs to the roof at the Head of Steam following the theft of lead and the subsequent damage, £40,000 for the improvement of the soft play facility within the Dolphin Centre which will generate additional income, along with the maintenance of plant and equipment at various facilities.
 - (iii) £49,000 is requested to fund a gap in the 2011/12 MTFP for the strategic management of the Capital Projects programme. The core team is funded via Capital however the overview of the Council's capital programme and continued development of the capital project management methodology is a corporate requirement.

- (iv) £17,000 to continue cycle training during 2011/12 whilst waiting for the outcome of external funding bids, with DfT, that may come into fruition for this year and beyond. This carry forward would allow the service to continue and avoiding costs associated with ceasing the service whilst waiting for confirmation of potential funding.
 - (v) £98,000 for Adults social care, £45,000 for the Learning Disability Development Fund to support the restructure to the life stages model and future modernisation of services which are being developed and £53,000 of Mental Capacity Act funding to be used to embed appropriate systems and processes across Health and Adult Social Care for the Deprivation of Liberty Act.
 - (vi) £13,000 to allow for essential works to be completed on the replacement of the garage doors at Hundens Depot following a Health and Safety review.
- (b) Chief Executives has a credit year-end balance of £353,000. It is proposed that £191,000 be returned to corporate resources and approval is requested to carry forward £162,000 into 2011/12:-
- (i) £120,000 to carry forward unused funds allocated through the 2010/11 MTFP to cover the costs of the Local Development Framework. A number of public examination and LDF core work have slipped into 2011/12 therefore funding is required to complete these. In addition, there are a number of additional LDF costs anticipated in 2011/12 for which there is no budget.
 - (ii) £26,000 for a Welfare Rights Officer funded in partnership with the PCT whilst continuation funding bids are submitted.
 - (iii) £16,000 to carry forward budget set aside to develop a Business Improvement District (BID) in 2011/12, which will potentially lead to savings in the Council's budget.
- (c) Corporate Services has a credit year-end balance of £870,000. Approval is requested to carry forward £589,000 into 2011/12:-
- (i) £210,000 in respect of the balance of the Change Fund identified in the 2010/11 MTFP to continue funding posts and expenditure within the Transformation Team.
 - (ii) £324,000 in respect of the balance of the Equal Pay reserve, agreed by Cabinet in July 2010.
 - (iii) £20,000 to carry forward the balance of the money allocated to the server virtualisation project to cover outstanding cost in 2011/12.
 - (iv) £15,000 to carry forward accumulated funds from energy efficiency projects, as agreed as part of the carbon management plan by Cabinet in June 2010, required to contribute to the energy management system.
 - (v) £20,000 to carry forward unused Flood Grant received late in 2010/11 to cover a number of required commitments under the Flood and Water Management Act.

Corporately Managed Resources

12. The outturn projection of corporately managed budgets shows an improvement of £0.004M. The Equal Pay Legal Costs Reserve of £380,000 has been offset by savings on financing costs due to the early repayment of debt.

Housing Revenue Account

13. The closing balance on the HRA is £4.583M compared with a budgeted balance of £0.500M. From 2012-13 onwards borrowing limits will be in place and the HRA is to become self-financing. As a result, expenditure in 2010-11 has been financed from borrowing as opposed to revenue contributions. There has also been slippage in capital expenditure of around £3M into 2011-12. This slippage is expected to be resourced from revenue contributions during 2011-12, which will see a reduction in the HRA balance to more usual levels.

Collection Fund

14. The Collection Fund is a statutory account for Council Tax and National Non-Domestic Rates (NNDR) collection and distribution. National pooling arrangements mean that the local impact of NNDR collection is generally neutral. Council Tax collection, however, impacts directly on the resources available to the Council, Police and Fire Authorities.
15. Subject to audit, the Collection Fund outturn for 2010-11 for the Council is a deficit of £118,000. This is an improvement on the previous reported deficit of £200,000 which was a cautious estimate based on prior years performance.

Corporate Resources Summary

16. Taking all the above into account, the Corporate General Fund reserve at 31 March 2011 is £10.789M, summarised in the table below. The overall decrease compared with the approved MTFP for 2011-15 is £2.730M.

	£M
Planned General Fund reserve at 31 March 2011	9.279
Proposed improvement in net contribution from departmental balances	1.506
Improvement in corporate resources	0.004
General Fund reserves as at 31 March 2011	10.789
Increase in Corporate General Fund reserves compared with the MTFP	1.510

Outcome of Consultation

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