
REVENUE BUDGET MONITORING 2011-12 – QUARTER 1

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 early forecast of the 2011-12 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The current economic climate and outlook specifically for the public sector mean that financial management is of paramount importance.
3. The Council's financial results for 2010-11, reported separately on today's agenda, are satisfactory, with an increase in resources of £1.510M carried forward to 2011-12. Some pressures on the 2011-12 budget are already apparent and these are detailed in paragraphs 11 to 13.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2011-12 and actions being taken to manage the Council's finances and services be noted
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

5. 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 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 sustainability 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

6. This is the first revenue budget management report to Cabinet for 2011-12, providing information relating to the latest financial forecast to 31st March 2012.
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 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.
8. The information for this report has been taken from the financial records for April and May 2011 and service managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
9. The overall position is that General Fund reserves at 31st March 2012 are projected to be £7.898M which is an improvement of £714,000 planned in the 2011-15 MTFP. The projections are summarised in **Appendix 1**.

Departmental Resources

10. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**. Budget management projections show a deficit of £796,000 compared with the 2011-15 MTFP.
11. Children and Family Social Care Division have identified a pressure on the external placements budget of £900,000. However, extensive work is continuing to be undertaken to reduce this pressure. There is also a projected underspend of £441,000 in Adult Social Care External Purchase of Care which is a continuation of the 10/11 savings.
12. There are a number of smaller pressures amounting to £264,000 that have been identified in the Place Department mainly relating to reduced income that are being continually monitored and proactively managed.
13. The renegotiation of concessionary fares agreement is likely to achieve savings for the MTFP however these savings cannot be quantified at this stage as we have only received one month's data to analyse.
14. The Resources Group are forecasting a deficit of £63,000 at this early stage.
15. School balances are shown in **Appendix 2f**.

Corporate Resources

16. The latest projection of corporate resources is a £1.510M surplus which is a result of an improved opening balance following the 2010-11 outturn results.

Housing Revenue Account

17. HRA projections are shown in **Appendix 3**. The HRA balances remain at a stable level.

Conclusion

18. Although we are at a very early stage in budget monitoring the early indications are that the Council's projected revenue reserves at the end of 2011-12 are £7.898M, which is £714,000 better than the planned position. Departmental reserves are projected to be in deficit by £796,000 and corporate reserves in surplus by £1,510,000 compared with the 2011-15 MTFP. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.

Outcome of Consultation

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