
REVENUE BUDGET MONITORING 2013-14 – QUARTER 2

**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 up-to-date forecast of the 2013-14 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The latest projections show an overall improvement of £3.730M of which £1.650M relates to balances carried forward from 2012/13 out turn. This is an improvement of £0.529M compared with that previously reported to Cabinet on 1 July 2013.
3. The in-year improvement compared with the approved Medium Term Financial Plan (MTFP) for 2013-17 is £2.080M although Members will be aware £1.918M of this was identified and removed from budgets in Quarter 1.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2013-14 and actions being taken to manage the Council's 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. 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 second 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 July 2013 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 31st March 2014 is £14.698M, which is a £3.730M 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 as well as the previously mentioned £1.918M savings identified and removed from budgets in Quarter 1. The projections are summarised in Appendix 1.
10. Projections which have previously been reported to Cabinet 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 indicate there will be an under spend of £0.446M compared with the MTFP which is £0.831M better than the very early indications previously reported to Cabinet in Quarter 1, the main reasons are explained below.
12. The People Group is forecasting an under spend of £0.484M, an improvement of £0.716M from that previously reported.
13. Within the Children & Family Social Care Division, the Looked after Children budget has seen an improvement of £0.332M where the savings in external placements has far outweighed the additional increase in adoption placement costs. The savings are slightly offset by the pressure on staffing budgets due to agency staff cover.
14. Within Educational Services, a saving of £0.027M is anticipated in the contingency set aside for potential reductions in the Youth Offending Services grant. Family Support is forecasting a pressure of £0.064M due to reduced income during the run down of Kids & Co.
15. Commissioning is estimating savings of £0.106M on the Supporting People programme, based on contract values and expected use of contingency budgets regarding welfare reforms.

16. Adult Social Care & Health is forecasting an improved position of £0.414M as savings of £0.330M have been achieved on the new domiciliary contract and reduction in the sleep over rates and savings of £0.084M are forecast due to lower inflationary uplifts for Direct Payments.
17. The Place Group is forecasting an over spend of £0.266M, which is an increase of £0.113M from that previously reported. Patronage on Concessionary Fares is expected to be lower than originally profiled, which should see a saving of £0.040M.
18. Income in a number of areas is slightly lower than anticipated including the bowling centre at £0.014M, leisure venues £0.044M , trade waste at £0.035M and parking at £0.042M. Income at the Dolphin Centre, in particular the pool is down by £0.095M, mainly due to the good weather over the summer which has deterred people coming into the centre. Targeted work is ongoing to increase overall income within the centre.
19. On the positive side income is increasing at the Civic Theatre which is expected to deliver an additional £0.019M contribution to the MTFP.
20. Following a review of electricity usage in Street Lighting it is now expected that there will be an under spend of £0.035M. Profits from Building Services are expected to be reduced by £0.183M due to work being taken on for the Council (MTFP funded), on which no profit is charged, instead of anticipated work for external organisations.
21. Housing General Fund is forecasting an under spend of £0.182M, an improvement of £0.185M from that previously reported. An under spend of £0.100M is forecast in Housing Benefits Administration due to holding vacant posts and the receipt of additional government grant income. An under spend of £0.083M is forecast on the Social Fund programme due to a lower than anticipated demand for funds.
22. The Resources Group is forecasting an under spend of £0.228M, which is an improvement of £0.228M from that previously reported. Whilst there are some over/under spends on staffing of £0.071M and £0.087M in Customer Services and Democratic Services respectively, there is also a projected underspend of £0.100M on equal pay costs based on current projected claim costs. Additional income of £0.067M is projected in Registrars and due to a lower than budgeted pay award the Darlington & Stockton Partnership is showing a saving of £0.030M.
23. School balances are shown in **Appendix 3e**.

Corporately Managed Resources

24. The Council Wide forecast position remains an under spend of £0.018M. Corporately Managed Resources is currently forecasting an under spend of £1.616M, a decrease of £0.302M from that previously reported. This is due to the Cabinet approval of £0.075M to cover the interim cost of maintaining the former Arts Centre offset by the receipt of additional un-ringfenced grant income of £0.093M.

25. There is a forecast over spend of £0.320M on the contingency for funding the pension fund past service deficit based on costs to date. This is the additional cost required to fund the shortfall in the pension fund for past service and is due to the reducing number of employees contributing to the fund.

Housing Revenue Account

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

Collection Fund

27. 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

28. The Council's projected revenue reserves at the end of 2013-14 are £14.698M, which is £3.730M better than the planned position. Departmental reserves are projected to be in surplus by £0.446M and corporate reserves in surplus by £3.284M compared with the 2013-17 MTFP.

Outcome of Consultation

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