
REVENUE BUDGET MONITORING 2009-10 – QUARTER 3

**Responsible Cabinet Member - Councillor Chris McEwan
Efficiency and Resources Portfolio**

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. To provide an up to date forecast of the 2009-10 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The latest projections show an overall improvement of £942,000 compared with the approved Medium Term Financial Plan (MTFP) for 2009-13. This is an improvement of £413,000 since the last report to Cabinet on 3 November 2009.
3. The further improvement in the projected outturn for 2009-10 is helpful, though it does not fundamentally change the outlook described in the 2010-14 MTFP report to Cabinet on 12 January.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2009-10 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 Corporate Services**

Background Papers

No background papers were used in preparing this report other than those referred to in the report.

David Hall: Extension 2303

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
Sustainability	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. To enable timely information to be presented to Cabinet and in accordance with the statutory report publication requirements, information used for this report is taken from financial records April to November 2009 and service managers' projections for the remainder of the year.
7. The overall position is that General Fund reserves at 31st March 2010 are projected to be £942,000 higher than planned in the 2009-13 MTFP, an increase of £413,000 since the previous revenue budget management report to Cabinet on 3 November 2009. The latest projections are summarised in **Appendix 1**. The latest projected position is also a further improvement on that used as the starting point for the 2010-14 MTFP, reported to Cabinet on 12 January 2010. Projections will continue to be updated and a revised 2009-10 outturn will be included in the MTFP report to Cabinet on 16 February 2010.
8. Projections which have previously been reported to Resources Scrutiny Committee, Budget Monitoring and Efficiency Review Group and Cabinet are presented graphically in **Appendix 2**.

Departmental Resources

9. Departmental Resource projections are summarised in **Appendix 3** and detailed in **Appendices 3(a) to 3(e)**. Budget management projections show a deficit of £34,000 compared with the 2009-13 MTFP. This is an improvement of £199,000 since last reported to Cabinet. Significant changes since that report are explained in the following paragraphs.
10. Children's Services are projecting a deficit of £820,000, an increase of £180,000 compared to the previous report to Cabinet in November. The principle reasons are external grant income of £130,000 that was thought could be mainstreamed against existing costs is not expected to be achieved this year, and £140,000 for new children's external placement costs.
11. Community Services are projecting a year end saving of £1,071,000, an increase of £371,000 compared to the previous report to Cabinet. A number of areas have improved their projections due to holding vacancies and increasing income, however the significant change is in Adult Services. The main improvement is around projections for residential care where expenditure has reduced by over £300,000 due to a reduction in placements along with a shift in self funded packages. There has also been a reduction in clients transferring from Children's Services as a number have remained in full time education for an additional year enabling a one off benefit in 2009/10.
12. The only pressure area is in Street Scene as winter maintenance costs have increased significantly due to the prolonged winter period this year. Although hard to estimate at this point in time a provision of £100,000 has been included in the projections and work is being carried out to assess the full impact. The adverse conditions will also impact both financially and on resources in a number of service areas:-
 - Increases in expenditure for additional salt and call out payments

- Losses in income at venues such as Stressholme Golf Course
- Road and pavement surfaces have been significantly affected and extensive repairs will be required
- Increased general cleansing and gully flushing
- Damage to infrastructure as a result of collisions and accidents
- Increased insurance claims which could have an adverse impact on insurance premiums and staff resource

At this stage we are still assessing the full scale of the impact that the adverse weather has had on services. This picture will develop over the coming weeks along with an action plan to prioritise remedial works

13. Chief Executive's Office is projecting a saving of £77,000, similar to that previously reported to Cabinet.
14. Corporate Services are projecting a year end deficit of £362,000, primarily relating to parking income as previously reported. This is an improvement of £12,000 from the figure previously reported to Cabinet.
15. School balances are shown in **Appendix 3f** and continue to be within appropriate ranges.

Corporate Resources

16. The latest projection of corporate resources is £976,000 surplus, an improvement of £214,000 since Cabinet in November. The main changes are additional Area Based Grant of £48,000, an increase of £42,000 in the pay award saving for 2009/10 and a further reduction in projected financing costs of £130,000 as a result of interest rates remaining low. Savings made earlier this financial year, by using maturing investments to repay debt, have continued to accrue for longer than previously projected. Depending on both current and forecast future interest rates, it may be possible to achieve further savings during the remainder of the year but at this time a prudent projection should be used.

Collection Fund Account

17. The Collection Fund is a statutory account for Council Tax and Business Rates. It sits outside of the Council's revenue budget, but has a direct impact on resources. In setting the 2009-10 budget it was assumed that there would be no surplus or deficit on the Fund in 2009-10. Latest projections are that the Fund will be in deficit by £200,000 at the end of this year due to an increase in the number of properties entitled to empty property exemption, as previously reported to Cabinet.

Housing Revenue Account

18. HRA projections are shown in **Appendix 4**. The HRA remains healthy.

Efficiency Savings

19. Projected efficiency savings are reported in **Appendix 5**

Conclusion

20. The Council's projected revenue reserves at the end of 2009-10 are £8.030M, which is £942,000 better than the planned position. Departmental reserves are projected to be in deficit by £34,000 and corporate reserves in surplus by £976,000 compared with the 2009-13 MTFP. The latest projected outturn for 2009-10 will be included in the 2010-14 MTFP review report to Cabinet on 16 February 2010. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.

Outcome of Consultation

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