
REVENUE BUDGET MONITORING 2009-10 – QUARTER 2

**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 £529,000 compared with the approved Medium Term Financial Plan (MTFP). This is an improvement of £563,000 since the last report to Cabinet on the 7 July.

Recommendation

3. It is recommended that :-
 - (a) The forecast revenue outturn for 2009-10 and actions being taken to manage the Councils finances and services be noted
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

4. 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.

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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

5. 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 second quarter.
6. The information used for this report is taken from financial records April to August 2009 and service managers' projections for the remainder of the year, using their knowledge of events affecting the services they manage.
7. The overall projected position is that corporate General Fund reserves at 31st March 2010 are projected to be £762,000 higher than the planned in the 2009-13 MTFP, an increase of £50,000 since the report to Cabinet on 7 July. Departmental reserves are forecast to be £196,000 deficit, an improvement of £550,000 since last reported to Cabinet. The position is summarised in **Appendix 1**.
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 £196,000 compared with the 2009-13 MTFP. This is an improvement of £550,000 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 £640,000, an increase of £457,000 compared to the previous report to Cabinet in July. The principle reason is a significant increase in the external placement costs of children. The number of children placed with external placements has increased significantly. This is predominately within the Social Care area, and is as a direct consequence of the Laming review of child protection. Some of the children have been placed in secure accommodation by the Courts, and we have no option than to agree to the care arrangement stipulated by the justices.
11. Community Services are projecting a year end saving of £700,000. The significant changes from previously reported are DLO profits and housing services. The DLO profits have increased by £120,000 due to the pay award being assumed to be 1% instead of the 2.5% provided for in the budget.
12. In Housing there are 3 areas of significant improvement, the largest is supporting people where a balance of £500,000 has now been released. This balance has built up and been carried forward over a number of years as it was a ring fenced grant and could not be spent in other areas. In 2009/10 the Supporting People Grant became area based and following a tendering exercise which has secured contracts for the next couple of years it is appropriate to now release this funding.

13. The second area relates to rent allowances. In light of clarification by a number of social security commissioner decisions on the exempt accommodation rules we are in the process of reviewing housing benefit claims in this area. To date we have found a number of claims which should not fall into the 'exempt' category and in these cases the subsidy paid by the council will reduce. Although final figures will not be known until the year end it is estimated this will be around £100,000 this financial year. Savings of a similar level should continue into future years.
14. The final area is Housing Benefits administration which is showing an improved position of £75,000. The Council received an additional one off grant of £140,000 in 2009/10 to help with the economic downturn and increased service demand. The minimum estimated expenditure required to provide the additional service is £65,000 allowing the balance to be released.
15. Chief Executive's Office is projecting a saving of £81,000 from posts that are vacant pending the outcome of service reviews. Pressures may arise in the remainder of the year from demand led bus services.
16. Corporate Services are projecting a year end deficit of £337,000. This is an improvement of £22,000 from the Cabinet report on 7th July. Projected parking income has improved by an estimated £62,000 however this has been off-set by expected repayment of residents parking zones where incorrect traffic orders were in place.
17. School balances are shown in **Appendix 3f** and continue to be within appropriate ranges.

Corporate Resources

18. The latest projection of corporate resources is £762,000 surplus, an improvement of £50,000 since Cabinet in July. Financing costs have achieved further savings by using some investments to repay debt.
19. The audit of the 2008-09 accounts is now finalised and the accounts signed off with a further improvement in brought forward revenue balances of £116,000.

Collection Fund Account

20. 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. There has been an increase in the number of properties entitled to empty property exemption, which is estimated to reduce the amount of Council Tax due by around £300,000. Exemption is limited to 6 months, so the impact is not expected to continue at that level into future years. There are a number of minor improvements within the Fund, which collectively mitigate the effect of empty property exemptions.

Housing Revenue Account

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

Efficiency Savings

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

Conclusion

23. The Council's projected revenue reserves at the end of 2009-10 are £529,000 above the planned position. Departmental reserves are projected to be in deficit by £233,000 and corporate reserves in surplus compared with the MTFP by £762,000. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.

Outcome of Consultation

24. No consultation has been carried out in preparing this report.