
**REVENUE BUDGET MONITORING
APRIL TO OCTOBER 2008**

Responsible Cabinet Member – Councillor Stephen Harker, Resources

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. To update Members on the 2008-09 Revenue Budget and actions taken since the last update report to Cabinet.

Summary

2. The previous report to Cabinet in October highlighted a significant deterioration in the Council's projected financial standing. At that time, the projected position at 31st March 2009 was £1.816m worse than the current approved medium term financial plan (MTFP).
3. The projected position remains fairly constant at £1.889m worse than the MTFP. Actions taken since the previous report, including the review of the capital programme, have reduced projected expenditure as have actions such as keeping posts vacant in the Chief Executive's department. Elsewhere on the agenda, Cabinet will be considering reports aimed at improving the revenue position, e.g. Review of Charge Level at Chesnut Street Car Park, Local Land Charges Adjustments of Fees and Review of Borrowing strategy. Officers continue to work to reduce the in year overspend within existing policies however a more comprehensive review of the MTFP will take place in the new year.

Recommendations

4. It is recommended that Cabinet :-
 - (a) Note the projected increase in expenditure compared with the approved revenue budget.
 - (b) Request officers to continue to review the revenue budget to identify savings that can be achieved, within the existing policy.

Reasons

5. The recommendations are supported by the following reasons :-
 - (a) To make Cabinet aware of the latest financial position of the Council.
 - (b) To reduce net expenditure in line with projected resources.

Paul Wildsmith
Director of Corporate Services

Background Papers

No Background papers were used in the preparation of this report.

David Hall : Extension 2303
TAB

S17 Crime and Disorder	This report has no implications for crime and disorder.
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address
Sustainability	There are no issues relating to environmental impact.
Diversity	There are no specific implications for diversity
Wards Affected	All wards are affected equally.
Groups Affected	The proposals do not affect any particular groups within the community
Budget and Policy Framework	The report highlights potential changes to the Council's budget.
Key Decision	The report does not represent a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter.
One Darlington: Perfectly Placed	The Revenue Budget referred to in the report supports delivery of the Sustainable Community strategy through appropriate deployment of the Council's resources

MAIN REPORT

Information and Analysis

6. The projected General Fund corporate reserves position and departmental balances as at 31 March 2009 are summarised in **Appendix 1**. Detailed budget management projections for 2008-09, based on income and expenditure for April – October 2008 are shown in **Appendices 2 and 3(a) to 3(f)**.
7. Housing Revenue Account (HRA) financial information is shown in **Appendix 4**. The HRA remains healthy and needs no further comment in this report.

Corporately Managed Resources

8. The General Fund reserves at 31 March 2008 were £8.930M. As reported to Cabinet on 8 July 2007/08, this is £0.296M below the approved MTFP.
9. In 2008-09, there is a projected improvement of £0.174M on financing costs and a reduction in employer's pension contributions of £0.158M. Energy costs are projected to be £0.287M higher than budget and there is a projected net shortfall of £0.111M on budgeted Leading Edge savings.
10. The planned contribution from corporate reserves at the start of the year was £1.641M. Cabinet has since approved additional resources of £0.297M during the year.
11. Projected Corporate balances available for 2009-10 onwards are £0.684M below the approved MTFP, as detailed in **Appendix 1**.

Departmentally Managed Resources

12. Departments brought forward additional resources of £0.207M from 2007/08, but these are either already committed or planned to be fully used in 2008-09. Departmental balances at the end of 2008-09 are projected to be £1.205M below the MTFP. The principal variances are highlighted below.
13. Children's Services projected overspend is £0.252M. The main pressures relate to external placements as reported to Cabinet on the 7 October. However, a number of children have since been assessed by the complex needs panel, which has seen an increase of £90k in the external placement costs. This includes both Special Educational needs and Social Care external placement costs.
14. Positive action is being taken to manage these budget pressures. Measures include holding posts vacant, reviewing all expenditure codes to stop further expenditure on non-essential items and reviewing ways of working to increase the efficiencies that come from integrated working. Budget management sessions have been held with each Assistant Director and the Head of Finance to interrogate every budget line and to identify areas of budget pressure. Remedial action has then been taken to manage the pressure.
15. Community Services projected overspend is £0.989M, which is £0.338M higher than reported previously. The increases from the previously reported figures are due to:-
 - (a) **DLO profits** are projected to be £0.369M lower than budgeted, £0.259M worse than previously reported. The budgeted increase in workload, turnover and therefore, profit, built into the 2008/09 MTFP in Building Services is not now expected to be achieved in 2008-09 due to a significantly lower than anticipated level of construction turnover.

- (b) **In Street Scene** the value of recycling material has fallen significantly in recent months and in the last two weeks, the bottom has fallen out of the market resulting in many materials not being worth anything as there is not market and they are being stockpiled. This has resulted in a £0.045m pressure on the budget.
 - (c) **Pressure on the Arts Centre and Civic Theatre** budget is partly attributable to sponsorship income which is £0.044m lower than anticipated as companies are reluctant to commit to sponsorship in the current economic climate. Further pressure in this area is due to repairs and maintenance requirements in both venues.
 - (d) **At Stressholme** the wet summer has directly impacted on income at the Golf Centre resulting in a pressure of £0.03m. Also within Culture the saving for **Tourist Information** has not been fully achieved with respect to rental income from the former TIC office as the facilities are currently being used by the Council.
16. Postive action has been and is being taken to ease the pressure on this year's budget, initiatives include:-
- (a) **Income generation.** Additional income has been achieved in a number of areas including the Arboriculture Team who have secured a tender with North Yorkshire County Council and Building Cleaning where additional properties have been tendered for and won. There are also initiatives in culture to increase income including loyalty schemes at Stressholme and renting out more space in the Arts centre. The CCTV section have also increased income levels this year and are positively looking to win more contracts this year. Building division has secured contracts with Richmondshire District council for £0.800m and the Durham and Darlington Fire and Rescue Service for £0.250m.
 - (b) **Efficiencies** are constantly strived for and across the department and an example of this is the reorganisation of refuse rounds to fit in with the street scene areas which has improved fuel consumption and reduced overtime working. Electronic tendering in the Building Design section has reduced the cost of producing hard copy drawings and a review of products in catering has increased gross profit margins. Significant savings have also been made within Adult Social Services with regard to decommissioning a care home and reassessing client needs.
 - (c) **Staffing.** As Staffing is a significant proportion of the department's budgets a number of short and long term saving measures are being taken. This includes vacancy management being tightly controlled and expensive agency staffing in highways being significantly reduced with cheaper permanent staff employed instead. Savings have also been identified from a restructure of the front of house staff at the Civic theatre, a management restructure in Building Cleaning and overtime with regard to call out is being reviewed.
 - (d) **Ongoing work** to improve financial performance includes a review of winter maintenance, the street lighting operation and the recently agreed charging policy for Adult Social care which will increase income from January 2009.
17. Corporate Services have two significant areas of lost income which are directly related to the downturn in the economy, namely land charges and car parking. The projected reduction in income is in the region of £0.2m. The loss of income was identified early in the year and the department has worked hard to limit expenditure elsewhere in its budget without impacting on Council policy. The work has resulted in significant savings that will reduce the projected overspend to £99,000. The nett figure should improve if members approve reports elsewhere on this agenda relating to car parking and Local Land Charges fees.

18. Chief Executive's projected underspend of £0.159M is principally due to the management of vacant posts and staff turnover.
19. Clearly, actions need to be taken to reduce net expenditure. Officers are currently reviewing all budgets in detail, to identify detailed savings in the current year.
20. Planned savings and efficiency gains for 2008/09 are compared with projected outturn in **Appendix 5**.

Outcome of Consultation

21. There has been no consultation in the preparation of this report