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**REVENUE BUDGET MONITORING**  
**APRIL 2008 TO JANUARY 2009**

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**Responsible Cabinet Member - Councillor Stephen Harker, Resources**

**Responsible Director - Paul Wildsmith, Director of Corporate Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To inform Members of the latest forecast outturn of the 2008-09 revenue budget.

**Summary**

2. Cabinet has previously received revenue budget management reports in October and December 2008. An updated 2008-09 outturn projection was included in the Corporate Plan and Medium Term Financial Plan report to the special meeting of Cabinet on 14 January 2009.
3. A further update was included in the revised Corporate Plan report to the special meeting of Cabinet on 17 February. The projections in that report formed the starting point for the Medium Term Financial Plan (MTFP) 2009-13, approved by Council on 26 February 2009.
4. This report provides detail behind the summary 2008-09 outturn projections reported to Cabinet on 17 February. It also confirms that the latest 2008-09 outturn projections remain in line with those used in the 2009-13 MTFP. It is proposed that a further update of the projected results for 2008-09 be provided to Cabinet in May, prior to the final outturn report scheduled for July.

**Recommendation**

5. It is recommended that: -
  - (a) Cabinet notes that the latest projected 2008-09 outturn is in line with the 2009-13 MTFP approved by Council on 26 February.
  - (b) Further reports on the 2008-09 revenue accounts be made to Cabinet in May and July 2009.

**Reasons**

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6. The recommendations are supported by the following reason: -
- (a) To make Cabinet aware of the latest financial position of the Council.
  - (b) To keep Members informed of the Council's ongoing financial standing.

**Paul Wildsmith**  
**Director of Corporate Services**

**Background Papers**

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

David Hall Extension 2303

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

7. The Revenue Budget Monitoring Report to Cabinet on 2 December 2008 forecast reserves at 31st March 2009 to be £1.9m worse than the Medium Term Financial Plan (MTFP).
8. On 14 January 2009, Cabinet considered the draft Corporate Plan and Medium Term Financial Plan 2009-13, including the latest 2008-09 outturn forecast of reserves at 31st March 2009, which were £1.3m below the 2008-12 MTFP. The report proposed the transfer of £1.960m of earmarked reserves and £49,000 of additional grant into the General Reserve. Consequently, reserves at 31st March 2009 were forecast to be £8.252m.
9. On 17 February 2009 Cabinet again considered the draft MTFP for 2009-13, including updated projections of 2008-09 outturn. The projected general fund reserves at 31<sup>st</sup> March 2009 were reported to have further improved by £0.661m, to £8.913m. This forms the starting point for the 2009-13 MTFP, approved by Council on 26 February 2009.
10. The latest projected General Fund corporate reserves position and departmental balances as at 31 March 2009 are summarised in **Appendix 1**. Before the transfer of balances referred to above, projected General Fund Reserves at 31<sup>st</sup> March 2009 is £6.904M, which is £681,000 below the level planned at the start of 2008/09. This includes £335,000 additional resources approved by Cabinet during the year. Total General Fund balances available for 2009-10 onwards are projected to be £8.913M, the same as approved by Council on 26 February 2009 in the MTFP review, including increased resources of £586,000 for higher departmental net expenditure in 2008-09. Detailed in Appendix 1 are all of the movements on the General Fund balance that have occurred since approval of the 2008-12 MTFP by Council in February 2008.
11. Detailed budget management projections for 2008-09, based on income and expenditure for April 2008 to January 2009 are shown in **Appendices 2 and 3(a) to 3(f)**. These show that the latest projected outturn position remains in line with the MTFP approved on 26 February 2009.
12. 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

13. The changes to the projected outturn for corporately managed resources between 14 January and 17 February were outlined in the report to Cabinet on 17 February. They are: -
  - (a) Local Authorities Business Growth Incentive Grant (LABGI) - Darlington received an allocation of £463,000, which had not been budgeted. This reflects Darlington's success in attracting investment and developing business growth from 2004 to 2007. This grant could not previously be reasonably forecast or safely assumed due to the very substantial uncertainty surrounding its potential distribution. The Council could have received no grant or only a small amount.

- (b) Financing costs in 2008-09 are projected to be £53,000 lower than reported to Cabinet in January. The debt rescheduling, approved by Cabinet in December 2008, has achieved cost reduction of £168,000 in 2008-09, though this has been partially offset by reduced investment income. The Department for Transport has approved additional £1.229m grant for the Eastern Transport Corridor, which reduces financing costs by £12,000 in 2008-09 and by approximately £95,000 in each subsequent year.

### **Departmentally Managed Resources**

14. Updated 2008-09 outturn projections of departmentally managed resources were reported in summary to Cabinet on 17 February. Details are contained in Appendices 2 and 3 (a) to 3 (f), which also confirm that there are currently no expected variances from the projected outturn used in the 2009-13 MTFP.
15. The MTFP review approved additional resources of £586,000 to fund increased expenditure within departments. This was an improvement of £156,000 compared with the previous projected outturns in the report to Cabinet on 14 January. Children Services' projected outturn is £50,000 better than reported in January. Community Services projected outturn is £131,000 better than reported to Cabinet in January, principally as a result of reduced projected spending in Adults Services.
16. Corporate Services' projected outturn has improved by £61,000 since January. In addition a carry forward of £150,000 resources, to fund 2009/10 rent for the Studios, offices at Lingfield Point, is included in the MTFP approved by Council on 26 February.
17. Chief Executive's Department outturn is now projected to be £15,000 higher than projected in January. In addition, a carry forward of £71,000 from the Change Fund is included in the MTFP to meet committed expenditure in 2009/10. This planned carry forward was previously reported as an underspend in 2008-09.
18. Planned savings and efficiency gains for 2008/09 are compared with projected outturn in **Appendix 5**.

### **2008-09 Revenue Accounts Results**

19. The final outturn for 2008-09 is scheduled to be reported to Cabinet in July. It is proposed that an interim report be made to Cabinet in May, to keep Members informed of the Council's ongoing financial standing.

### **Outcome of Consultation**

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