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**REVENUE BUDGET MONITORING 2014-15 – QUARTER 1**

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**Responsible Cabinet Member -  
Councillor Stephen Harker, Efficiency and Resources Portfolio**

**Responsible Director -  
Paul Wildsmith, Director of Neighbourhood Services and Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide an early forecast of the 2014-15 revenue budget outturn as part of the Council's continuous financial management processes.
2. To inform Cabinet of the budget rebasing exercise carried out following the 2013-14 out turn results.

**Summary**

3. This is the first revenue budget management report to Cabinet for 2014-15. The latest projections following a rebasing exercise show an overall improvement of £2.449M, of which £1.392M relates to balances carried forward from the 2013-14 outturn.
4. The in-year improvement compared with the Medium term Financial Plan (MTFP) for 2014-15 is £1.057M and is to be welcomed.

**Recommendation**

5. It is recommended that :-
  - (a) The forecast revenue outturn for 2014-15 and actions being taken to manage the Councils finances be noted.
  - (b) Further regular reports be made to monitor progress and take prompt action if necessary.

**Delegations**

6. This report does not require any delegation.

## Reasons

7. 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 Neighbourhood Services and Resources**

## Background Papers

No background papers were used in the preparation of this 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 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

8. This is the first revenue budget management report to Cabinet for 2014-15 and provides an early forecast of the 2014-15 revenue budget as part of the Council's continuous financial management process.
9. 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 first 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.

10. The information for this report has been taken from the financial records for April to May 2014 and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
11. As has been the case in the last couple of years a detailed review of the 2014-15 budgets has been undertaken during April and May and managers have been proactive in scrutinising their budgets in light of the 2013-14 outturn position. In total managers have successfully identified £0.794M of on-going savings which can either be removed from budgets into reserves without impacting on service delivery (£0.469M) or allocated as first call against the MTFP savings targets (£0.325M). There is also a further one-off saving of £0.495M which can be returned to the General Fund Reserve and in turn be available to assist in meeting the conditions identified in the MTFP.
12. The £1.289M identified falls across a number of sections with the most significant detailed below.
13. In regard to one off savings a review of the fleet replacement programme has identified a number of vehicles where the life can be extended by a further year resulting in a savings in 2014/15 of £0.225M. There is also a significant one off saving of £0.200M in the Building Services section where construction turnover for 2014-15 is anticipated to be higher than initially estimated.
14. The largest ongoing savings fall in Adult Social Care and Highways DLO.
15. In Adult Social Care savings of £0.160M have been identified in external purchase of care for Older People with savings in Domiciliary Care and £0.091M in transport due to a reduction in usage, this is as a consequence of the positive and early work towards the MTFP savings target.
16. Turnover in Highways DLO is anticipated to be higher than budget and is likely to remain higher for the foreseeable future; this is very encouraging and allows £0.150M to be taken as an ongoing saving.
17. Further ongoing savings include £0.080M as the Council no longer needs to contribute towards the Carbon Reduction Commitment Scheme following the removal of schools from the scheme which has resulted in the emissions for the Council falling below the threshold, £0.048M in Legal as Children's legal fees have reduced, £0.034M discretionary rate relief due to a change in accounting practices with the introduction of the Business Rates Retention scheme and £0.030M from an income increase in registrars. Bringing together the budgets in the Organisational Planning Unit has enabled the manager to review and rationalise with resulting efficiencies which along with a savings in central overheads add a further £0.093M to the total.

18. Where savings relate to an MTFP target they have been automatically allocated against the service area. One off savings will be transferred to the General Fund Reserve and savings relating to future years have been removed from departmental budgets into general fund balances to ensure they are captured. The treatment of each saving identified is shown in **Appendix 4** and those transferred to reserves are identified in **Appendix 1**.
19. Overall the projected General Fund reserves position at 31<sup>st</sup> March 2015 is £18.928M, which is a very welcome £2.449M improvement on planned balances in the 2014-20 MTFP. Of this, the improvement in the Council's 2013-14 financial results carried forward to 2014-15 is £1.392M and is detailed in the Outturn report previously discussed on the Cabinet agenda.

### **Departmental Resources**

20. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**. It is difficult for managers to predict year end positions at this early stage however whilst there are a few potential small over and underspends management projections indicate all budget are on line to be achieved with managers at this stage confident the MTFP savings will be achieved.
21. The **People Group** is forecasting a break even position however there are some over and underspends in children's services.
  - (a) Within Looked after Children (LAC) there are pressures in alternative allowances due to an increase in rate and also a higher take up, however this is partially offset by savings on external placements and fostering and adoption placements, based on current numbers.
  - (b) Family Support are forecasting savings of £0.233M on supplies and services, client support budgets, contact services, children's centres and area family support teams.
  - (c) Adult Social care is forecasting a break even position at this stage.
22. The **Economic Growth Group** is forecasting a break even position at this stage.
23. The **Neighbourhood Services and Resources Group** is forecasting a break even position at this stage.
24. School balances are shown in **Appendix 2e**.

### **Corporately Managed and Council Wide Resources**

25. The Council Wide forecast position is an under spend of £0.003M.
26. Corporately Managed Resources is currently forecasting an under spend of £2.446M, which comprises the improvement in balances arising from the 2013-14 outturn of £1.392M, the savings arising from the rebasing exercise of £0.964M and

savings within the financing costs budget of £0.090M due to reduced principal repayments because of slippage in the capital programme.

### **Housing Revenue Account**

27. The HRA projections are shown in **Appendix 3** and are showing a stable position. There has been an increase in the working balance brought forward from 2013/14 however this has been partly allocated against the future Major Capital Expenditure Fund with the balance remaining in the working balance.

### **Collection Fund**

28. The Collection Fund account reflects the statutory requirements for the Council to maintain a separate Fund in relation to the operation of Council Tax and Business Rates Retention Scheme (BRRS). The Fund records all of the transactions for billing in respect of Non Domestic Rates (NDR) and Council Tax, exemptions and discounts granted, provision for bad debts and appeals and payments made to the Council's General Fund, the Police and Fire & Rescue precept authorities and Central Government. At this stage in the year no surplus or deficit is forecast.

### **Conclusion**

29. The Council's projected revenue reserves at the end of 2014-15 are £18.928M, which is £2.449M better than the initial 2014-20 MTFP position and include a brought forward amount of £1.392M from 2013-14. Departmental reserves are projected to online with corporate reserves projected to be in surplus by £1.057M compared with the 2014-20 MTFP.
30. Whilst the improved position in revenue reserves is helpful it does not change the financial context in which the Council is currently planning.

### **Outcome of Consultation**

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