
REVENUE BUDGET MONITORING 2010/11 – QUARTER 3

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

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To provide an up-to-date forecast of the 2010-11 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The current economic climate and outlook specifically for the public sector mean that financial management is of paramount importance.
3. The latest projections show an overall improvement of £2.251million compared with the approved Medium Term Financial Plan (MTFP) for 2010-14. This is an improvement of £431,000 compared with the draft MTFP for 2011-15 reported to Cabinet on 18 January 2011.
4. The improvement in the projected outturn for 2010-11 is helpful, but it does not significantly change the outlook described in the 2011-15 draft MTFP.

Recommendation

5. It is recommended that :-
 - (a) The forecast revenue outturn for 2010-11 and actions being taken to manage the Councils finances and services be noted.
 - (b) The proposed carry forward of Departmental resources to 2011/12 be noted.
 - (c) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

6. 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 Resources**

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
Carbon Impact	There are no carbon impact implications 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

7. To enable timely information to be presented to Cabinet and in accordance with the statutory report publication requirements, this report was prepared using information available before the end of the third quarter. The information for this report has been taken from the financial records between April and November 2010 and service managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
8. The overall position is that General Fund reserves at 31st March 2011 are projected to be £2.251M better than planned in the 2010-14 MTFP. Corporately managed resources are forecast to be £3.171M better than MTFP, however, departmentally-managed net expenditure is forecast to be £920,000 higher than MTFP. The projections are summarised in **Appendix 1**. The latest projected position is also a further improvement on that used as the starting point for the draft 2011-15 MTFP, reported to Cabinet on 18 January 2011. Projections will continue to be updated and a revised 2010-11 outturn will be included in the MTFP report to Cabinet on 22 February 2011.
9. 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

10. Departmental Resource projections are summarised in **Appendix 3** and detailed in **Appendices 3(a) to 3(e)**. Budget management projections show a deficit of £920,000 compared with the 2010-14 MTFP. This is £403,000 better than the projected outturn included in the draft MTFP for 2011-15.
11. Children's Services is forecasting an overall deficit of £1.745M, an improvement of £19,000 from that previously reported. Within Planning & Resources an additional £26,000 is being reported in relation to PFI and printing costs. The Partnerships budget is also portraying an additional commitment of £68,000 due to a Commissioning saving of £40,000 now being stated under Children's & Families rather than the Partnership budget. Other additional commitments relate to Kids & Co (reduction in Nursery Fee income) and Children's Centres, premises and set-up costs. Offsetting the above commitments is a reduction of £113,000 within Children's & Families due to a reduction in the projected Looked After Children Placement costs and the Commissioning adjustment stated above.
12. Community Services is forecasting an improvement of £453,000 from the position previously reported with a predicted £1.117M surplus. The main area of improvement is Adult Social Care where there has been a significant reduction in funded residential placements over the winter period in comparison with the projected budget. There have been a large number of clients leaving residential care with the numbers entering minimal, which indicates the proactive management with regard to re-ablement and helping people to remain independent. The latest figures again illustrate the volatility of this service, where some factors beyond the Council's control can cause significant increases and decreases in net spending.

13. Chief Executive's Office is forecasting a surplus of £159,000, a decrease of £31,000 from that previously reported. The main reason for this is a projected increased spend of £35,000 on concessionary travel.
14. The forecast surplus excludes a surplus of £53,000 in the Youth Offending Service as this forms part of the Community Safety Partnership through pooling arrangements and requires collective agreement by the local board for future use. Therefore not all of the surplus relates to the Council. It is therefore proposed to carry forward this surplus to 2011/12.
15. The forecast surplus also excludes a surplus of £26,000 in Connection with Communities. This funding is from the PCT to carry out additional Welfare Rights work and requires the Council to deliver this in 2011/12. It is therefore proposed to carry forward this surplus to 2011/12.
16. Corporate Services is forecasting a deficit of £451,000, an increase of £38,000 from that previously reported. There is a pressure in Estates of £26,000 from the delay in vacating the Houndgate offices and a reduction in income in Health and Safety, offset by vacant post savings, of £31,000. These pressures have been partly offset by smaller savings across the Department on vacancies and supplies and services budgets.
17. School balances are shown in **Appendix 3f**.

Corporate Resources

18. The latest projection of corporate resources is £3.171M surplus, an increase of £28,000 from that previously reported. This is due to an increase in Area Based Grant income to reserves of £28,000.

Housing Revenue Account

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

Efficiency Savings

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

Collection Fund

21. The Collection Fund is a statutory account for Council Tax and business rates income. Payments are made from the Collection Fund to the Council's General Fund and to the Police and Fire & Rescue Authorities, on whose behalf the Authority collects Council Tax. Latest projections are that the Fund will be in deficit by £242,000 at the end of this year, of which the Council's share is £200,000. Higher volumes of enforcement action have helped to sustain collection of Council Tax due for the current year at a high level. Further targeted action to collect arrears is needed, a priority that is recognised in proposed structure changes. Allowance has also been made in the projection for a small reduction in the overall taxbase towards the end of the year, which historic data suggests is likely. The projected deficit equates to 0.5% of the total amount due for the year. The projected deficit is not

included in the projected outturn figures as it must be taken into account in calculating the overall resources for 2011-12 and is reflected in the draft MTFP.

Conclusion

22. The Council's projected revenue reserves at the end of 2010-11 are £13.490M, which is £2.251M better than planned in the current MTFP, approved by Council in February 2010. Departmental reserves are projected to be in deficit by £920,000 and corporate reserves in surplus by £3.171M compared with the 2010-14 MTFP.
23. The latest projected outturn is £0.4M better than that reported in the draft MTFP for 2011 to 2015. An updated projection will be included in the 2011-15 MTFP report to Cabinet on 22 February 2011. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.

Outcome of Consultation

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