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**REVENUE OUTTURN 2014-15**

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

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

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the revenue outturn 2014-15 (subject to Audit), to allow Members to consider the results in light of the Council's Medium Term Financial Plan (MTFP) and also to consider the Collection Fund and Housing Revenue Account outturn

**Summary**

2. The draft year end position shows an improvement of £2.533M from the opening balance projections reported in the MTFP report 2015/16 to 2019/20 with improvements seen across a number of areas which are detailed in the main body of the report.
3. Cabinet have previously approved carry forwards of £0.757M and in addition to this, further year end carry forward requests of £0.728M have been made and are detailed in the report. The provisional outturn figure makes the assumption that all of these carry forwards are approved.
4. The outturn figures are to be welcomed especially as a number relate to early delivery of savings; however they need to be considered against a background of £12.067M of savings to be delivered by 2019-20.
5. A budget rebasing exercise has been undertaken where the outturn figures have been compared against the 2015-16 MTFP. Areas for possible claw back have been identified and are reported in the Quarter 1 Cabinet report later on the agenda. Ongoing savings identified will be allocated as first call against the budget savings identified in the MTFP.

## **Recommendation**

6. It is recommended that :-
  - (a) The revenue outturn for 2014-15 be noted
  - (b) The additional carry forward requests of £0.728M be approved and carried forward into 2015-16.
  - (c) The Earmarked Reserves referred to in paragraph's 27 and 28 be approved.

## **Reasons**

7. The recommendations are supported in order to maintain appropriate management arrangements for the Council's finances and make effective use of the Council's resources.

**Paul Wildsmith**  
**Director of Neighbourhood Services and Resources**

## **Background Papers**

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

Elizabeth Davison: Extension 2601

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 and also spend to save requests included in the carry forward totals.

## MAIN REPORT

### Information and Analysis

8. The year end position shows an improvement of £2.533M from the opening balance projections reported in the MTFP report 2015/16 to 2019/20.
9. The draft General Fund Reserve position at 31 March 2015 is £23.840M, a summary of which is shown in **Appendix 1**. Of this £12.144 is planned to be used in 2015-2017 to assist the MTFP, £4.330M is set aside to cover our risk balances, £2.000M for the Redundancy and Decommissioning Earmarked Reserve, £1.000M is for Achieving Real Change in Communities, £0.730M is to be transferred from the Council Tax Collection Fund Surplus balance with the remaining £5.096M available to assist the Council in the period 2015–2020.
10. Projections which have previously been reported to Cabinet are presented graphically in **Appendix 2**. The improvement is to be welcomed and in a number of areas represents early achievement of planned savings for 2015-16. There are

other areas however, where it is clear there have been fortuitous savings, for example winter maintenance where the mild winter has resulted in lower costs. We are currently reviewing such budgets and are planning to budget for lower cost and carry risk of one off overspends on balances in the future.

## Departmental Resources

11. Departmental Resource projections are summarised in **Appendix 3** and detailed in **Appendices 3(a) to 3(d)**. The outturn identifies an under spend of £2.425M compared with the 2015-20 MTFP and this assumed the carry forward requests detailed further in this report are approved. The departmental outturn projections reported to Cabinet for the third quarter were used as the basis for the opening balance projections for the 2015/16 MTFP and therefore any variances reported below are from both the third quarter report and the 2015/16 MTFP. Significant variances are explained below.
12. The **People Group** is forecasting an under spend of £1.123M, an improvement of £1.199M from that previously reported. The main variances are:
  - (a) Adult Social Care with an improvement of £0.946M which includes a reduction in admissions to residential care homes and increase in forecasted attrition amounting to £0.600M, additional income from residential clients of £0.276M and a reduction in supplies and service costs of £0.070M. It is anticipated this early achievement of savings will carry through to the new year and assist with the challenging 2015-16 savings target.
  - (b) Commissioning has seen an improvement of £0.224M, primarily due to savings within Supporting People where a significant amount of work has been undertaken to review, reduce where possible and re-procured contracts..
13. The **Children's Services Group** is forecasting an over spend of £0.029M, however this is an improvement of £0.362M from that previously reported. The main variances are:
  - (a) Family Support has seen an improvement of £0.230M in a number of areas, in particular reduced staffing and client support costs within the FIT and Contact Teams, savings in Children's Centre running costs and the provision of early year's practitioners from the Trust to in-house.
  - (b) Educational Services has seen an improvement of £0.058M from staff turnover and the use of grant and there has also been overall savings of £0.074M within the Children's Services Group from staff and running costs.
14. The **Economic Growth Group** is forecasting an over spend of £0.015M, an improvement of £0.329M from that previously reported, the main variances being:
  - (a) Property Management & Estates have undertaken additional works in the period resulting in additional income of £0.078M.

- (b) Planning fees over the final quarter for Development Management were better than previously projected and contributed towards the improved position of £0.070M for this service.
- (c) Savings in staffing and supplies saw Environmental Health improve by £0.066M by the end of the year.
- (d) Parking moved to a breakeven position after taking into account any carry forward requests by the end of Q4. Savings in enforcement staff, reduction in the cost of security as well as underspends in hardware supplies contributed towards this. Income did not fall as much as originally anticipated over the final quarter of the year. Overall the improvement seen was £0.148M.

15. The **Neighbourhood Services & Resources Group** is forecasting an under spend of £1.303M, an improvement of £0.535M than previously reported, whilst there are both positive and negative variances in a number of areas the main ones are noted below:

- (a) Legal & Procurement are forecasting an improvement of £0.100M as a result of a lower than projected use of agency staff and additional savings on printing costs due to a new contract.
- (b) Fees from the Cemeteries & Crematorium Service were better than anticipated and saw an improved position of £0.061M over the last 3 months.
- (c) The overall cost of waste collection & disposal improved over the last quarter. This is partly due to a continued fall in tonnage collected following the introduction of Alternatively Weekly Collection which when combined with the fall in the gate price & increase in cost of collection saw the overall position improve by £0.116M.
- (d) As a result of the mild winter, winter maintenance underspent by £0.050M.
- (e) Income recovered from Housing Benefit overpayments increased by £0.150M due to real time information being received from DWP that enables quicker and more efficient identification of overpayments. This also resulted in a lower than expected bad debt provision.
- (f) A saving of £0.071M in the Social Fund programme due to stricter qualification criteria and lower demand.

### **Carry Forward requests**

16. There are a number of carry forward requests to 2015-16 relating to underspends from departments and these are detailed below. The requests are categorised into the 3 areas: slippage, spend to save and to assist in achieving the conditions of the MTFP and approval is requested to carry these amounts forward into the new financial year

17. **Slippage** – There is £0.304M of slippage on planned projects across the Council in the following areas:

- (a) £0.074M at Crown Street Library due to further slippage on the introduction of self-service check-out. It is requested that an additional £0.074M be carried forward into 2015/16 in addition to the £0.026M approved in Quarter 3;
- (b) £0.021M at the Dolphin Centre to upgrade the current XN leisure booking advantage system to Dimensions to facilitate online bookings for casual sports such as squash, football and badminton as well as improved swimming lesson booking procedure and information provided to swim for life parents;
- (c) £0.040M is requested to be carried forward to resurface the safety surface within the play area at South Park as it has come to the end of its lifetime and it is the most used play area in the Borough;
- (d) £0.057M in the Economic Growth group as there has been slippage on a number of economic development projects as well as marketing activities helping to promote Darlington as a place to invest in;
- (e) £0.017M in Art Development that will be used to maintain venue operation as well as cover agreed commitments within the service area;
- (f) £0.065M for Cycle and Pedestrian training within Sustainable Transport following changes to funding. This will allow the training to continue in 2015/16 whilst a comprehensive review of the service is undertaken and to seek further grant and funding opportunities;
- (g) £0.030M on slippage on the planned work to carry out road markings and signing works on the A68 due to resources being focused on other major projects such as Carlbury Landslip. The works are reprogrammed for 2015/16 and are required to meet statutory duties to maintain to a safe standard.

18. **Spend to Save** – £0.399M of the carried forward is for spend to save schemes that the Council will reap the benefits of in the coming and future years.

- (a) £0.010M for upfront investment in the Better Care Fund. This is in addition to the £0.180M approved at Quarter 3;
- (b) £0.030M for Child Sexual exploitation work. Evaluation of the project has determined that there is a need within Darlington for this service although no funding has been secured, in addition Ofsted look at Authorities to have arrangements in place for this service area. The service is an invest to save as the work prevents children from needing additional more costly services provided by the Council;
- (c) £0.020M for Restorative Justice. It is requested that savings from the Community Safety budget to be rolled forward to enable the programme to continue as an evaluation has identified a need for the service. New funding has been secured from the Police and Crime Commissioner, and the use of the carry forward will enable the service to continue during 2015/16 whilst longer term funding is identified;
- (d) £0.030M for Signs of Safety is an innovative way of thinking about the safeguarding issues within families. This would enable the Council to support

safeguarding improvements, train staff and make adjustments to the ongoing process that will lead to reduced LAC costs;

- (e) £0.030M in Graduate Leadership. Savings in the Workforce Development budget to be rolled forward to fund a Graduate Leader Development Officer to work with early years settings across the borough supporting the workforce in progressing to graduate level;
- (f) £0.015M for an implementation of a Street Scene Mobile Communication Solution in 2015/16. This is driven by a number of factors including , changes to legislation, particularly around mobile phones, poor reception and staff having to use their own phones has necessitated the need for the service to look at fitting radios within the vehicles for communication to improve efficiency;
- (g) £0.150M from the Highways Maintenance budget for the purchase of a specialist tractor unit fitted with a planning head and sweeper unit to carry out more cost effective, permanent highway repairs in accordance with best practice and 'fix first time' principles. The equipment will improve efficiency and quality of pothole repairs as well as being utilised in other civil engineering functions that will save on hire costs. The initiative also helps demonstrate highway efficiency to the Department for Transport who are planning top slices in LTP funding from next year and are seeking innovation to justify restoration of the top-slice;
- (h) £0.010M on traffic management as the money are over and above the annual budget amount to address maintenance and replacement of equipment associated with the town entre rising bollards;
- (i) £0.104M from Adult Social Care for upfront funding to enable the changes due to the introduction of the Care Act and the Better Care Fund to be implemented. There has been additional pressures and changes in legislation identified in Adult Social Care and we, therefore, need to create additional management capacity to support the above new responsibilities and front line staff during these changes.

19. **Assist in achieving the 3 conditions set out in the MTFP, namely Building Strong Communities, Growing the Economy and Spending Wisely.** The following £0.025M of carry forwards all meet the criteria described above and are as follows:

- (a) £0.008M from the unspent contingencies due to the slippage on the build start date for the multi-storey car park. This is in addition to the £0.185M already approved at Quarter 2. The new car park will facilitate growth and investment in the town centre;
- (b) £0.012M in Economic Regeneration. This funding has been set aside to support work on delivering Darlington's Economic Strategy objective to raise the profile of Darlington in order to encourage investment from businesses and generate economic growth.

- (c) £0.005M in Events for the enablement of an events programme in the Market Square designed to increase footfall in to Darlington.

20. The School balances are in a positive position and are shown in **Appendix 3e**.

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

21. There are no overall significant changes to the Council Wide or Corporately managed budgets. The Council Wide forecast position is an under spend of £0.748M, an improvement of £0.070M than previously forecast due to additional savings from budgets with a public health outcome and Corporately Managed Resources is currently forecasting an under spend of £2.839M, an improvement of £0.038M from that previously reported.

### **Housing Revenue Account**

22. HRA projections are shown in **Appendix 4**. The HRA remains in a stable position.

### **Collection Fund**

23. 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.

24. The Council Tax Collection Fund is forecast to be in surplus by £0.967M (Darlington's share is £0.802M of which £0.730M is already earmarked to be utilised in the 2015/16 MTFP) and the Business Rates Collection Fund is forecast to be in deficit by £2.338M (of which Darlington's share is £1.146M). It is expected that the Business Rates Collection Fund deficit will be met from the Collection Fund Earmarked Reserve and receipt of un-ring-fenced S31 grant during 2015/16 to compensate local authorities for the cost of changes to the business rates system announced by Central Government.

### **Earmarked Reserves**

25. Former Blackwell Golf Club Grounds reserve – following acquisition of the freehold interest of the land formerly held by Blackwell Grange Golf Club it was agreed that any costs incurred in association with the land prior to its future sale will be offset by future capital receipts and it is requested that approval for the creation of this reserve be given.

26. ICT Reserve – approval is sought for the creation of this reserve to provide funding for future ICT upgrades and developments. The MTFP includes an annual allocation for ICT infrastructure and this reserve will be used to smooth out the budget according to actual spend as spend can fluctuate significantly year on year depending on programme and replacement requirements.



## **Conclusion**

27. The Council's draft revenue reserve at the end of 2014-15 is £23.840M, which is £2.533M better than the initial 2015-16 MTFP position. The £2.533M consists of an improvement of £2.425M in departmental resources and an overall improvement in corporately managed resources of £0.108M.
28. £0.958M is being requested be carried forward into 2015/16 to meet future commitments mainly due to slippage. Cabinet will recall that £0.757M has previously been approved within the Quarter 2 and Quarter 3 revenue budget management reports.
29. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning. The additional reserves of £2.533M are welcomed, particularly in the context of the significant budget pressures and subsequent savings targets required over the coming years.
30. Officer are reviewing the budget setting and monitoring processes to see how improvements can be made during the year.

## **Outcome of Consultation**

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