
REVENUE OUTTURN 2009-10

Responsible Cabinet Member - Councillor Chris McEwan
Efficiency and Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. To present the revenue outturn 2009-10, to allow Members to consider the results in light of the Council's Medium Term Financial Plan (MTFP) for the General Fund and also consider the Collection Fund and Housing Revenue Account outturn.

Summary

2. The Council's revenue results for 2009-10 are satisfactory. Cabinet is asked to approve carrying forward to 2009-10 a number of resource allocations and to give approval for Departmental overspends to be met from Corporate resources. If the proposals in the report are approved there will be an increase in General Fund reserves of £549,000 compared with the approved MTFP for 2010-14.

Recommendation

3. It is recommended that :-
 - (a) The satisfactory results for 2009-10 revenue outturn be noted
 - (b) The increase in General Fund corporate reserves in respect of corporately managed resources totalling £334,000 be noted.
 - (c) Contributions from departmental resources of £485,000 to General Fund corporate reserves be approved.
 - (d) Contributions of £270,000 from General Fund reserves to departmental resources be approved.
 - (e) Resources totalling £298,000 be approved to be carried forward to 2010-11.
 - (f) An earmarked reserve be established to hold the LAA Performance Reward Grant, pending decisions regarding how the grant is used.

Reasons

4. 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 Corporate Services

Background Papers

2009-10 Revenue Budget.

David Hall: Extension 2303

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
Sustainability	There are no specific sustainability 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	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

5. The Council's 2009-10 revenue accounts are close to being finalised, subject to Audit. The financial results for 2009-10 are an important part of the continuous cycle of financial management that includes resource allocation, budgeting, budget management and review.
6. The overall financial results are satisfactory. Departmentally managed budgets are £513,000 better than the 2010-14 MTFP. Before any transfers between corporate and departmental resources, corporate balances are £334,000 better than the MTFP. The closing General Fund reserves balance is projected to be £12.109M, which is £549,000 better than the 2010-14 MTFP.

General Fund

7. The provisional outturn for 2009-10 is summarised in the table below.

Projected General Fund Reserve at 31st March 2010	Variance from 2009-13 MTFP	Variance from 2010-14 MTFP
MTFP Planned Opening balance 01/04/2009	£000 8,913	£000
Approved net contribution from balances	(1,825)	
Increase in opening balance from 2008-09 results	268	
Collection Fund 2009-10 Deficit	(210)	(2)
Corporate underspends / (overspends)		
Joint Bodies & Levies	(77)	(31)
Financing Costs	1,091	236
Leading Edge Efficiencies	(340)	
Change Fund	0	
Pay Award	642	
LABGI Grant	(56)	
Area Based Grants	55	
HMRC VAT refund	3,286	131
Sub-Total	11,747	334
Departmental underspends / (overspends)		
Children's Services	(1,139)	(242)
Community Services	1,839	614
Chief Executive	146	20
Corporate Services	(186)	121
Departmental total	660	513
Carry forward requests	(298)	(298)
Projected General Fund Reserves at 31st March 2010	12,109	549

Departmental Resources

8. Departmental outturn projections for 2009-10 show an improvement of £513,000 compared with the 2010-14 MTFP. It is proposed to make a net transfer of £215,000 of departmental resources to corporate reserves, comprised of £485,000 of departmental savings transferred to corporate resources and £270,000 from corporate resources to meet increased costs in Children's Services and enable an economic regeneration grant to be carried forward to 2010-11.
9. The proposed use of departmental resources is summarised below: -

	Retained as departmental – carry forward to 2010-11	Transfers to Corporate Resources	Transfers from Corporate Resources	Total
	£M	£M	£M	£M
Children's Services	-	-	(0.242)	(0.242)
Community Services	0.197	0.417	-	0.614
Chief Executives	0.048	-	(0.028)	0.020
Corporate Services	0.053	0.068	-	0.121
Total	0.298	0.485	(0.270)	0.513

10. Members are requested to approve the following specific carry forward of resources into 2010-11:-
- (a) Community Services has a credit year-end balance of £614,000. It is proposed that £417,000 be returned to corporate resources and approval is requested to carry forward £197,000 into 2010-11 :-
- (i) £32,000 was programmed to be spent from the repairs budget on the Civic Theatre toilets in the dress and upper circle on ceiling repairs for water damage, removal of an open vented stack and lifting floor coverings along with work on the canopy's which are showing signs of corrosion and advanced rusting to the guttering. The works were unfortunately delayed however the work still needs completing.
 - (ii) A programme of barrier works took place during the year however due to poor weather conditions some work was postponed, Cabinet are requested to carry forward £39,000 to the Highways budget for priority works in 2010/11.
 - (iii) In 2009/10 Cabinet agreed to carry forward funding for health initiatives the Council was working on in partnership with the PCT, one of these initiatives was to increase the number of people participating in sport and physical activity and an 18 month programme was set up. The programme has been running for 12 months and Cabinet is requested to carry forward £39,000 to conclude the final 6 months of this programme.
 - (iv) A project in adult services using Learning Disability Development funding has been set up to strengthen work around transition, support employment initiatives for those with learning disabilities and to further embed person centred planning.

The project will commission a piece of media work with the 6th form college around hate crime and purchase software for a web based multi agency tool. Delays in the project due to resource capacity and procurement processes taking the requisite time to progress have impacted on the timescales and Cabinet are requested to carry forward £87,000 to allow this project to be completed.

- (b) Chief Executives Department has a credit year-end balance of £20,000. Cabinet is asked to approve carrying forward £48,000 into 2010-11 in respect of the unused empty shop grant within Economic Regeneration and the consequent transfer of £28,000 of corporate resources.
- (c) Corporate Services has a year-end credit balance of £121,000. It is proposed that £67,000 be transferred to corporate reserves and approval is requested to carry forward £53,000 into 2010-11 :-
 - (i) £20,000 for the Health and Wellbeing Agenda.
 - (ii) £33,000 for training commitments.

Corporately Managed Resources

- 11. The outturn projection of corporately managed budgets shows an improvement of £334,000. The improvement is primarily as a result of savings on financing costs, through early repayment of debt and low interest rates, and an improvement in the VAT refund received from HMRC.
- 12. In 2009/10 the Council received a Performance Reward Revenue Grant of £388,000 (and a similar amount of capital grant) as a result of achieving set performance indicators contained within the 3 year Local Area Agreement. The income was received on behalf of the Darlington Partnership. Options and proposals to make the most effective use of the grant are being developed and will be reported to Cabinet. Cabinet is recommended to establish an Earmarked Reserve to hold the grant, pending decisions regarding its use. The income has not been included within the projected General Fund balance of £12.109M shown earlier in this report. A second tranche of grant of £1.1M was expected to be received in 2010/11, however, the Government announcement of spending reductions made on 10 June 2010 indicates no further reward grant will be received.

School Balances

- 13. School balances have increased from £2.06M at 31st March 2009 to £2.317M at 31st March 2010. The position has been discussed with Head Teachers and in the main there are two reasons for the increase in school balances. Firstly, significant funding was distributed to schools late in the financial year for commissioning of improvement services, for activities which will take place in the Summer Term. Secondly, some schools are sustaining a contingency budget in anticipation of future years funding cuts. Children Services Finance Team have notified each school of their year end balance and work is ensuing with schools with large balances. A report will be taken to Schools Forum on the 29th June 2010 detailing the school balance position. This forum will decide if any excess balances are deducted from school budgets.

Housing Revenue Account (HRA)

14. The closing balance on the HRA is £852,000 compared with a budgeted balance of £500,000. This is due to lower prudential borrowing requirements as a result of less capital expenditure and lower capital financing costs.

Collection Fund

15. The Collection Fund is a statutory account for Council Tax and National Non-Domestic Rates (NNDR) collection and distribution. National pooling arrangements mean that the local impact of NNDR collection is generally neutral. Council Tax collection, however, impacts directly on the resources available to the Council, Police and Fire Authorities.
16. Subject to audit, the Collection Fund outturn for 2009-10 for the Council is a deficit of £210,000, in line with in-year projections. This in year deficit is principally as a result of an increase in the number of properties entitled to empty property exemption. When added to the Council's brought forward deficit from 2008-09 of £467,000, the accumulated deficit at 31 March 2010 is £677,000. The accumulated deficit at 31 March 2010 for the Police Authority is £89,000 and for the Fire and Rescue Authority is £51,000.

Corporate Resources Summary

17. Taking all the above into account, the corporate General Fund reserve at 31 March 2010 is £12.109M, summarised in the table below. The overall improvement compared with the approved MTFP for 2010-14 is £549,000.

	£M
Planned General Fund reserve at 31 March 2010	11.560
Proposed improvement in net contribution from departmental balances	0.215
Improvement in corporate resources	0.334
General Fund reserves as at 31 March 2010	12.109
Increase in corporate General Fund reserves compared with MTFP	0.549

Outcome of Consultation

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