
REVENUE BUDGET MONITORING 2010-11 – QUARTER 1

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 provide an early forecast of the 2010-11 revenue budget outturn as part of the Council's continuous financial management processes.

Summary

2. The public sector financial outlook means that financial management is of paramount importance.
3. The Council's financial results for 2009-10, reported separately on today's agenda, are satisfactory, with an increase in resources of £549,000 carried forward to 2010-11. Some pressures on the 2010-11 budget are already apparent and these are detailed in paragraphs 12 to 14.
4. A reduction of around £1M in the Council's revenue grant for 2010-11 was announced on 10 June 2010. Corporate Management Team (CMT) is developing proposals to respond to the 2010-11 grant reduction and expected reductions in future years grants, indicated in the Government's emergency budget on 22 June. CMT will report to Cabinet at the earliest opportunity.

Recommendation

5. It is recommended that :-
 - (a) The forecast revenue outturn for 2010-11 and actions being taken to manage the Council's finances and services be noted.
 - (b) 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 Corporate Services**

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
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

7. This is the first revenue budget management report to Cabinet for 2010-11, providing information relating to the latest financial forecast to 31st March 2011.
8. To enable timely information to be presented to Cabinet in accordance with the statutory 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.
9. The information for this report has been taken from the financial records for April and May 2010 and service managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
10. Excluding the reduction in grant of around £1M announced on 10 June 2010, the overall position is that General Fund reserves at 31st March 2011 are projected to be £735,000 higher than planned in the 2010-14 MTFP, but departmental reserves are forecast to be £228,000 in deficit. When the 2010-11 grant reduction is taken into account, the projected overall position is for reserves at 31 March 2011 to be £0.5M below the level in the MTFP. This is, however, prior to any actions to deliver further in-year savings, in addition to the £5M of savings already planned for 2010-11 in the MTFP. The projections are summarised in **Appendix 1**.

Departmental Resources

11. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**. Budget management projections show a deficit of £228,000 compared with the 2010-14 MTFP.
12. Children's Services have identified a pressure on the external placements budget of £400,000. However, extensive work is being undertaken to reduce this pressure, including the Early Intervention and Prevention teams providing support to children and families, with the aim of increasing the number of in-house foster carers. A report is to be brought before Cabinet with a proposal to increase the professional fee paid to foster carers to bring them in line with other Local Authorities within the North East. Additionally, a 5% management challenge has been placed on all children services budgets, with the aim of providing sufficient resources within Children's Services to accommodate this pressure. This pressure has been offset by savings identified within the overall Children's Services department so that the forecast deficit, at this stage, is £50,000.
13. Community Services have identified some pressures totalling £130,000, firstly there is a pressure on the events budget as the detailed working on where the £100,000 efficiencies identified in the MTFP should fall has not been finalised, so the over spend at this point is estimated at £80,000. The other pressure relates to Housing, in the MTFP an estimate was made on the reduction in subsidy the council would pay following a review of exempt accommodation cases, this estimate was £150,000 however it was an unknown and the year end figures for 2009/10 have proved to be lower, it is therefore anticipated there will be a shortfall of £50,000 in 2010/11.

14. Chief Executive's Office are forecasting a deficit of £52,000 due to expected shortfalls on planning fee income and income into the Communications Unit.
15. Corporate Services are forecasting a small surplus of £4,000 at this early stage.
16. School balances are shown in **Appendix 2f**.

Corporate Resources

17. The latest projection of corporate resources is £735,000 increase in reserves at 31 March 2011, compared with the 2010-14 MTFP. The main reasons for this is an improvement of £549,000 in the opening balance from 2009-10 results, together with savings of £195,000 on financing costs due to the reduction in borrowing costs less a projected deficit on the Joint Bodies and Levies budget of £9,000.

Collection Fund

18. The Collection Fund is a statutory account for Council Tax and business rates income. Payments are made from the Collection to the Council's general fund and to the Police and Fire authorities and CLG, on whose behalf the Council collects Council Tax and business rates. At this early stage in the year no surplus or deficit is predicted for 2010-11.

Savings

19. Progress in implementing planned savings in the 2010-14 MTFP is reported in **Appendix 3**. Current projections show £4.9M of savings being achieved against a target of £5.0M. Projections will be updated and reported regularly throughout the year and additional savings will be added as they are identified.

Housing Revenue Account

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

Conclusion

21. The Council's projected overall revenue reserves at the end of 2010-11 are £11.746M, which is £507,000 better than the planned position, prior to the reduction in ABG announced in June. Management action is continuing to deliver improvements in efficiency both in the current year and the longer term.
22. Taking into account the reduction of around £1M in ABG announced in June, the projected overall position is for reserves at 31 March 2011 to be £0.5M below the level in the MTFP. This is, however, prior to any actions to deliver further in-year savings, in addition to the £5M of savings already planned for 2010-11 in the MTFP.

Outcome of Consultation

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