

REVENUE BUDGET MONITORING 2018-19 – QUARTER 2

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

Responsible Director - Paul Wildsmith, Managing Director

SUMMARY REPORT

Purpose of the Report

1. To provide an up-to-date forecast of the 2018-19 revenue budget outturn as part of the Council's continuous financial management process.

Summary

2. The latest projections show an overall improvement against the Medium Term Financial Plan (MTFP) of £1.116M, an increase of £0.161M from the position reported at Quarter 1. The Children and Adult Services Group position is reporting an over spend of £0.432M which is offset by an under spend on the financing costs budget of £0.591M. Detail is included further in this report.

Recommendation

3. It is recommended that :-
 - (a) The forecast revenue outturn for 2018-19 be noted.
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

4. 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
Managing Director**

Background Papers

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

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.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

MAIN REPORT

Information and Analysis

5. To enable timely information to be presented and in accordance with the report publication requirements, this report has been completed before the end of the second 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.
6. The information in this report has been taken from the financial records for April to August and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
7. Overall the projected General Fund reserves position at 31st March 2019 is £16.606M.

Departmental Resources

8. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**.
9. The **Children and Adult Services Group** is forecasting a year-end pressure of £0.432M.

Children's Services – has a projected year end pressure of £1.893M which is an increase of £0.985M on that reported for quarter one. Significant changes are as follows:

- (a) The Assessment Care Planning and Looked after Children (LAC) budgets are projected to be £0.204M over spent. This pressure has resulted from the increased costs of supporting carer leavers (£0.160M) as they become independent from the Local Authority including the provision of accommodation (rented or supported accommodation), setting up home and further education. In addition, there is increasing demand to support families who are experiencing difficulties outside of the looked after system. This expenditure is targeted to assist families to prevent further children being brought into care.
- (b) Adoption and Placements budgets are projected to be overspent by a further £0.850M. Since quarter one there has been a large spike in the number of children being brought into care and due to local capacity this has required further use of both independent fostering and independent residential placements. Between the financial reporting periods the number of children in independent fostering has increased by 11 children, to 80. Although the number of children in independent residential placements has decreased by three placements down to 35, a number of the leavers were known at quarter one and hence were included within the previous projection. There continues to be a trend that children being placed into residential care require specialist placements which are very expensive as a result. Work is ongoing through a number of transformation work streams that aim to increase capacity within Darlington and prevent further children being brought into care and ultimately reduce expenditure.
- (c) Savings are projected (£0.060M) within the First Response & Early Help services. These savings are mainly within staffing budgets as posts have become vacant and held pending the implementation of the previously agreed remodelling of the early help provision.

Education – has a projected year end pressure of £0.047M.

- (d) Savings are projected within education budgets (£0.159M) mainly from staffing vacancies. A number of posts have been held vacant or have been funded through short term grant pending a restructure of the education service and hence the savings will only be short term until the new staffing structure is in place.
- (e) School Transport continues to have pressures (£0.206M) mainly as a result of the increased number of children placed in out of borough school placements. Due to the distances involved those children need to be transported to school resulting in a large increase in special school transport provision. Members have been asked to approve a public consultation with regard to both special educational needs (SEN) and SEN transport, to inform a new SEN strategy to reduce the number of children being placed in schools out of the area.

Adult Social Care and Health – is forecasting an under spend of £1.490M, an improvement of £0.582M.

- (f) Since the budget was set, there has been a 16.7% reduction in residential and nursing placements (a further 22 placements since the previous report to Cabinet). There are a number of factors to account for this including provisions made to enable people to remain in their own homes longer and the success of the rapid response team which helps people to get back to normality when they leave hospital, which in turn prevents or reduces the need for domiciliary care. There has also been a delay in some individuals coming out of long term hospital.
10. The **Economic Growth and Neighbourhood Services Group** is forecasting an under spend of £0.017M, after a carry forward request of £0.032M.
- (a) Under spends within Highways arising from over achievement of savings from street lighting in electricity and routine maintenance is expected to result in a better position of £0.200M. However this will be offset against an expected over spend of £0.210M following works carried out to repair winter damage.
- (b) Corporate Landlord is expected to overspend by £0.100M by the end of year. This is due to increased prices for electricity & gas and cost of agency staff to temporary fill vacant posts that have been difficult to recruit to. These difficulties have now been addressed and all vacant posts are expected to be filled by quarter three.
- (c) Overall the Group is seeing net under spends in staffing which have helped to offset the above pressure in Corporate Landlord.
- (d) Housing is forecasting a small under spend of £0.013M.
11. The **Resources Group** is forecasting an over spend of £0.044M, compared with the previous quarter's break even position.
- (a) Registrars are projected to be over spent by £0.033M resulting from reduced income from ceremonies. Although there has been an overall increase in the number of ceremonies undertaken, more have been at the statutory level with fewer enhanced ceremonies at higher fee levels.
- (b) Children's legal fees are projected to be over spent by £0.100M due to an increased number of cases. There are a number of specialist external professional reports / requirements that are needed for court processes with regard to the cases, which incur costs resulting in the over spend in budget.
- (c) Additional fee income of £0.024M has been achieved within the Health and Safety Team from additional construction design management (CDM) fees.
- (d) There are also savings within a number of services from vacant posts and reduced calls upon supplies and services budgets.
12. The School balances and allocations are shown in **Appendix 2(e)**.

Carry Forward Requests

13. £0.032M was agreed as part of the MTFP 2017/18 to support the loss of business while the soft play facilities at the Dolphin Centre were refurbished. To minimise

disruption this work was originally planned to be carried out alongside the library relocation but delays have seen the soft play refurbishment slip. It is requested that this is carried forward.

Council Wide and Corporately Managed Resources

14. The Council Wide and Corporately Managed Resources projections indicate an improved under spend of £0.620M from quarter one. This mainly results from an improvement of £0.591M in the financing costs budget due to reduced debt charges primarily from the restructuring of the debt portfolio and greater activity in the joint venture market than anticipated. Rebates received from utility contracts applied within the procurement process have also realised savings.

Housing Revenue Account

15. HRA projections are shown in **Appendix 3**. The HRA remains in a stable position.

Collection Fund

16. 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

17. The Council's projected revenue reserves at the end of 2018-19 are £16.606M, £1.116M more than the initial 2018-22 MTFP position and include a brought forward amount of £0.530M from 2017/18, a rebasing exercise of £0.425M, with the departmental/corporate resources forecast to be £0.161M better off.
18. Of the £16.606M projected reserves, we have a risk reserve balance of £4.330M and a commitment to use £11.134M to support the 2018–2022 MTFP, leaving £1.142M one off funding to further support the general fund moving forward.
19. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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