

**CABINET
5 NOVEMBER 2024**

REVENUE BUDGET MONITORING 2024/25 – QUARTER 2

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Executive Director - Resources and Governance**

SUMMARY REPORT

Purpose of the Report

1. To provide a forecast of the 2024/25 revenue budget outturn as part of the Council's continuous financial management process.

Summary

2. This is the second revenue budget management report to Cabinet for 2024/25. The latest projections show an overall decline of £1.364m on the 2024-28 Medium Term Financial Plan (MTFP). This is due to £2.519m of departmental pressures, a decline in corporate resources of £0.166m, offset by £1.321m of additional balances following the 2023/24 outturn.
3. The change in the forecast year end budget position has moved by £0.012m between Quarter 1 and Quarter 2, however a small number of service areas continue to have significant budget pressures that have increased during the year. These increases have been offset by all departments scrutinising their budgets and reducing spend where possible to assist with the overall Council financial position.

Recommendations

4. It is recommended that:-
 - (a) The forecast revenue outturn for 2024/25 be noted.
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary

Reasons

5. The recommendations are supported by the following reasons:-
 - (a) To continue effective management of resources.

(b) To continue to deliver services to agreed levels.

Elizabeth Davison
Executive Director - Resources and Governance

Background Papers

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

Brett Nielsen : Extension 5403

Council Plan	The Council's revenue budget contributes to all priorities outlined within the Council Plan.
Addressing inequalities	This report is providing an update on the revenue budget position therefore there is no impact as a result of this report.
Tackling Climate Change	This report is providing an update on the revenue budget position therefore there is no impact as a result of this report.
Efficient and effective use of resources	This report contains updated information regarding efficiency savings contained within the MTFP.
Health and Wellbeing	This report is providing an update on the revenue budget position therefore there is no impact as a result of this report.
S17 Crime and Disorder	This report has no implications for crime and disorder
Wards Affected	No specific impact on an individual area as a result of this report
Groups Affected	No specific impact on an individual area as a result of this report
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
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

6. This is the second revenue budget management report to Cabinet for 2024/25 and provides a mid-year forecast of the 2024/25 revenue position as part of the Council's continuous financial management process.
7. The information in this report has been taken from the financial records to August and managers' projections for the remainder of the year. Assumptions have been made concerning future demand for services particularly in social care, therefore changes in projected outturn are inevitable as demand materialises and as the Council is a large and complex organisation.
8. The Council operates frequent, regular and predictive budget management processes, including quarterly reports to Cabinet, changes in projected outturn, will be reported to future meetings.
9. Overall, the projected General Fund reserves position as at the 31 March 2025 is £10.979m, which is £1.364m less than the planned balances in the 2024-28 MTFP. This change relates to £2.519m of departmental pressures, a decline in corporate resources of £0.166m, offset by £1.321m of additional balances following the 2023/24 outturn.

Departmental Resources

10. Departmental resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**.
11. **People** budgets are projected to be overspent by £0.457m at the end of the financial year, an improvement of £0.402m from Quarter 1. The main changes are detailed below:
 - (a) **Children's Services** are projecting an underspend of £0.026m at the year end, which is an improvement on Quarter 1 of £0.301m.
 - (i) The Adoption and Placements and Disabled Children's budgets are projected to have a combined net underspend of £0.056m, an improvement of £0.166m from Quarter 1. Changes in placements within the Adoption and Placements budget have reduced projected expenditure by £0.115m and there has been a decrease in Disabled Children's projected expenditure, due to a reduction in the cost of a complex care package by £0.051m.
 - (ii) The Assessment and Care Planning & LAC teams are projected to be overspent by £0.129m, an improvement of £0.066m from Quarter 1. This is mainly due to less use of agency workers in the remainder of the year and a reduction in projected expenditure to support families to prevent children coming into care.
 - (iii) The First Response and Early Help services are projecting an underspend of £0.117m which is an improvement of £0.077m on Quarter 1. This increased saving is from additional staff turnover, vacant posts and savings in running costs.

- (b) **Education** is projected to have an overspend of £0.024m, an increase of £0.030m from Quarter 1. This overspend is due to additional transport routes for SEND pupils, offset by lower expenditure within Education services due to the use of grant funding.
 - (c) **Development and Commissioning** is projected to be underspent by £0.183m which is an improvement of £0.169m from Quarter 1. This is largely due to the release of one off carry forward monies.
 - (d) **Performance and Transformation** is projected to be underspend by £0.183m an improvement of £0.183m on Quarter 1. This is due to the release of carry forward monies and staffing vacancies.
 - (e) **Adult Social Care & Health** is projected to be overspent by £0.748m, an increase of £0.215m from Quarter 1. External Packages of Care budgets overspend is projected to increase by £0.222m from additional demand for Day Care (£0.127m) and Domiciliary Care (£0.306m), with more complex domiciliary packages at higher cost. These pressures have been offset by reduced Direct Payments and additional attrition.
11. **Services** budgets are projecting an overspend of £0.575m, an increase of £0.315m from Quarter 1. The main changes are detailed below:
- (a) **Community Services** is projected to be overspent by £0.521m, an increase of £0.353m from Quarter 1.
 - (i) The Cemeteries and Crematorium services are projecting a pressure of £0.230m, an increase of £0.120m from Quarter 1. This is due to additional running costs and reduced projected number of cremations to the yearend, driven by increased choice within the market and the increased use of direct cremations impacting on the estimated income.
 - (ii) Overall, Leisure and Cultural Services are projected to be overspent by £0.026m, an improvement of £0.050m from Quarter 1. The improvement is linked to a strong performance at the Dolphin Centre over the 2nd Quarter of the year which saw increased memberships and swimming sessions.
 - (iii) Waste Management has seen significant increases in tonnages in both household waste (10%) and at the civic amenity sight (20%) with an associated increase in cost of £0.300m. The increase at the civic amenity site is linked to changes in legislation that has allowed DIY waste to be disposed at the site from April 2024.
 - (b) **Community Safety** overall is expected to be underspent by £0.210m, an improvement of £0.080m from Quarter 1. This is due to a further improvement in Car Parking and Community Safety Enforcements budgets against the original MTFP estimates.
12. **Resources and Governance** budgets are projecting a year end budget overspend of £1.487m, an increase of £0.064m from Quarter 1. The main changes are detailed below:

- (a) **Law & Governance** is projecting an overspend of £0.488m, an increase from Quarter 1 of £0.090m. This increase is mainly due to increased external audit costs of £0.132m, offset by staffing vacancies and running costs savings.
 - (b) **Head of Strategy, Performance and Communications** – The Communications and Engagement division is reported to be underspent by £0.060m, an improvement of £0.049m from Quarter 1 mainly due to income generation from the digital billboard and the release of one off carry forward budget.
13. The **Chief Executive & Economy Group** is projected to breakeven at the year end, as reported at Quarter 1.
14. The School balances and allocations are shown in **Appendix 2(f)**.

Housing Revenue Account (HRA)

15. HRA projections are shown in **Appendix 3** with an overall projected balanced budget. The contribution from balances has improved by £0.209m from Quarter 1, primarily due to:
- (i) Energy savings following a reduction in utility prices and projected additional income from the NWL commission.
 - (ii) Bad debt provision has been reduced by £0.100m to reflect a reduction in outstanding debt.

Conclusion

16. The Council's projected revenue reserves at the end of 2024/25 are £10.979m, £1.364m lower than the initial 2024-28 MTFP position. This position relates to £2.519m of departmental pressures, a decline in corporate resources of £0.166m, offset by £1.321m of additional balances following the 2023/24 outturn.
17. The significant pressure on homeless accommodation is a national issue across the country due to the shortfall in the housing benefit subsidy received from the Department of Work and Pensions. Work is ongoing within the Council to increase the Council's capacity to provide accommodation for our homeless people which will save costs against external provision.
18. Pressures in social care continue to be a concern in Darlington and nationally, with increased demand and complex, high-cost placements. All social care budgets are being closely monitored, including the implementation of the investment approved in the MTFP for children's social care ensuring placement sufficiency, to ensure all areas of expenditure will be challenged.
19. All services continue to scrutinise their budgets to reduce spend or generate income to assist with the current year budget pressures and to assist with future years budgets.
20. As a Council and a region we continue to lobby government to highlight the pressures that councils are facing to delivery statutory services.

Outcome of Consultation

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