

**CABINET
8 JULY 2025**

REVENUE OUTTURN 2024/25

**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 present the 2024/25 revenue outturn position (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 Housing Revenue Account (HRA) outturn.

Summary

2. This is the final revenue budget management report to Cabinet for 2024/25. The year-end projection shows an overall improvement in the 2024/25 financial position of £0.264m. This is an £1.149m improvement on the 2025/26 MTFP projected opening balance.
3. Details of variances from the original budget along with changes since the quarter 3 (Q3) projected position are contained within the main report.
4. There are a number of carry forward requests detailed in paragraphs 17 – 19, which will assist with projected slippage and pressures in the coming year.

Recommendation

5. It is recommended that:-
 - (a) The revenue outturn for 2024/25 be noted.
 - (b) The carry forward of resources referred to in paragraphs 17 - 19 be noted and approved.

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.

Elizabeth Davison
Executive Director of Resources and Governance

Background Papers

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

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| 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 provides an update on the revenue budget position, which supports the council's responsibilities and ambitions to tackle climate change. |
| 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

7. This is the final revenue budget management report to Cabinet for 2024/25 and provides the 2024/25 revenue outturn position as part of the Council's continuous financial management process.
8. Overall, the projected General Fund reserves position at the 31 March 2025 is £12.607m, an increase of £0.264m on the planned balances in the 2024-28 MTFP. This relates to £1.321m underspend in the Council's 2023/24 financial results, £0.777m projected departmental overspends in the 2024/25 financial year and a £0.280m decrease in corporate resources.

Departmental Resources

9. Departmental resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**.
10. The **People Services** outturn position is an underspend of £0.187m, after carry forward requests of £0.653m. This is an improvement of £0.330m on the position reported at Q3. The main changes to the previously reported position are detailed below:
 - (a) **Children's Services** has overspent by £0.299m, a small improvement of £0.005m on the reported Q3 position. Changes since Q3 include the following:
 - (i) Adoption and Placements and Assessment and Care Planning has a combined overspend of £0.284m, a decline of £0.131m from the Q3 report. This increase is due to four high cost placements that were extended beyond the expected end date adding £0.607m to the overspend. This increased pressure was offset by a reduction of two independent foster care placements £0.068m, slippage in the recruitment of staff for the repurpose of Gilling Children's home £0.073m, lower growth in in-house Foster Care £0.168m, and by additional grant and staffing and running costs savings of £0.163m.
 - (ii) Disabled Children has overspent by £0.059m, an improvement from the Q3 report of £0.058m. This is due to a reduction of actual day care provision taken up by families and staffing and running costs savings across the service.
 - (iii) First Response & Early Help has underspent by £0.195m, an improvement of £0.077m from the Q3 reported position, due to a combination of staffing and running cost savings.
 - (b) **Development & Commissioning** has underspent by £0.303m after carry forward requests of £0.060m. This is an improvement of £0.086m on Q3, due to a reduction in demand led services of £0.051m, vacancies and running cost savings of £0.034m.
 - (c) **Education** has underspent by £0.290m after carry forwards requests of £0.101m, an improvement of £0.179m on the Q3 position. This improvement has come from:

- (i) Education Services an improvement of £0.055m mainly due to additional grant income and traded income.
 - (ii) School Transport an improvement from Q3 of £0.124m, due to a reduction in routes for special out of borough and post 16 pupils, following the ending of placements.
- (d) **Adult Social Care and Health** outturn position is an overspend of £0.265m after carry forward requests of £0.492m, an improvement of £0.092m on Q3 reported position. Changes since Q3 include the following:
- (i) External Purchase of Care has underspent by £0.096m after a carry forward request of £0.470m, a movement of £0.227m on the Q3 reported position made up as follows:
 - a) Direct payments and Domiciliary care packages have reduced by £0.276m due to movements in care activity.
 - b) Attrition across care packages (£0.154m) and delays in hospital discharges (£0.100m) has reduced expenditure.
 - c) Direct payment contingency reclaims have increased by £0.166m.
 - d) Additional income of £0.563m due to assessed contributions and Health funding.
 - e) Increased expenditure for short break stay packages (£0.490m) and additional Residential/Nursing placements (£0.077m).
 - (ii) Service Development & Integration has overspent by £0.384m a movement of £0.338m on the Q3 reported position. This movement is mainly from an increase in bad debt provision following an exercise to identify historic invoices which are unlikely to be paid due to the customer being deceased or the debt is uneconomical to pursue.
 - (iii) Savings in staffing, reduction in the use of agency workers, general supplies and services, across Adult Services have provided an additional savings on Q3 of £0.200m.
11. **Environment, Highways and Community Services** outturn position is an overspend of £0.337m after carry forward requests of £0.451m, an improvement of £0.514m on the reported position at Q3. The headline changes are detailed below:
- (a) **Highways and Capital Projects** underspent by £0.023m after carry forward requests of £0.036m, an improvement of £0.418m from Q3. The main elements of this movement are broken down into:

- (i) Building Design and Capital Projects, saw a growth in their income generation over the last quarter of £0.202m, due to works carried out on schemes including the Towns Fund, allowing for cost recovery.
 - (ii) Concessionary Fares and Sustainable Transport, following the year end reconciliation process carried out by Tees Valley Combined Authority (TVCA) on the English National Concessionary Travel Scheme (ENCTS) scheme, concessionary fares spend reduced, along with savings in running costs across sustainable transport budgets gave an improvement of £0.062m on the Q3 report.
 - (iii) Highways and Highways DLO, additional income generation over the final quarter has pulled back the projected overspend giving an overall improvement of £0.117m from the previously reported position.
- (b) **Community Services** overspent by £0.020m after carry forward requests of £0.176m, an improvement of £0.398m from Q3. Movements since Q3 include:
- (i) Street Scene has improved by £0.188m over the last quarter as repair and servicing costs associated with the larger fleet vehicles were not needed and therefore were lower than anticipated, along with a general improvement in income levels which allowed for additional cost recovery.
 - (ii) Waste Management has seen a further improvement in the level of tonnages for both household waste and at the civic amenity site with an associated decrease in costs of £0.201m.
- (c) **Community Safety** underspent by £0.396m after carry forward requests of £0.095m, an improvement of £0.040m from the Q3 position.
- (i) Car Parking and Parking Enforcement underspent by a further £0.068m from Q3. Patronage at the Council's car parks remains strong and continues to perform better than levels projected as part of the MTFP. Increased enforcement action by the Community Enforcement Team has seen an increase in parking fines which have helped to improve adherence to parking regulations.
- (d) **Leisure and Cultural Services** overspent by £0.521m after carry forward requests of £0.144m, an improvement of £0.053m from the Q3 position. Movements since Q3 include:
- (i) Leisure overall has improved by £0.191m as the strong performance at Dolphin centre was maintained over the final quarter of the year, from both the leisure offer and secondary spend.
 - (ii) Hippodrome, savings in staffing and strong secondary spend increased the underspend by £0.075m over the Q3 reported position.
 - (iii) Libraries position improved by £0.044m as alternative funding was identified to support the increased security requirements at Crown Street.

- (iv) Hopetown Darlington, overspend increased by £0.275m on the Q3 reported position.
 - a) Hopetown has been an extremely complex project, one of the largest capital projects delivered by the Council with multiple partners contributing to deliver a world class visitor attraction. Hopetown opened slightly later than anticipated; with some of the key facilities, such as Experiment, the show field and the private siding being completed after opening. This has affected the programming and initial years performance against the targets originally set, which has impacted on forecasted income.
 - b) A series of actions have been implemented over quarter 4 to address income, costs and visitor number projections previously reported. They have taken time to implement over quarter 4 and whilst they are starting to make an impact, the pressure has increased by £0.275m from the previously reported projected position. Visitors are choosing to park in neighbouring residential streets which is impacting on projected income in the region of £0.210m, options are being developed to improve this position.
 - c) The main issue to address is numbers visiting the site as spend per visitor is close to what was anticipated. This has impacted on projected income of around £0.104m in retail, £0.089m in catering and £0.359m in admissions income for The Experiment and Wagon Woods, sponsorship and donations. The reputation of Hopetown is growing, and this is being ramped up with a significant amount of work planned to further develop the profile of Hopetown to build awareness and gain traction in the marketplace. Hopetown has received a significant number of awards since opening, and this is continuing to build the profile. This work will continue to establish the venue as a world class visitor destination as was the vision that Members all endorsed. More actions are planned over the coming months and there is continuous review and monitoring of the business plan with further changes planned to manage the overall costs of the site.
 - (e) **Corporate Landlord** has overspent by £0.257m, an increase of £0.397m from Q3. Pressures in utilities contributed to the increased cost, with gas expenditure worsening by £0.160m from unit price variations and issues with the Combined Heat and Power (CHP) unit at the Dolphin Centre resulted in electricity costs increasing by £0.190m over the final quarter of the year. This unit is currently being replaced as part of the ongoing project.
12. **Resources and Governance** overall budget outturn position is an overspend of £0.796m after carry forward requests of £0.055m. This is an improvement of £0.456m on the position reported at Q3. The main changes to the previously reported position are as follows:

- (a) **Resources** an underspend of £0.820m, an improvement of £0.376m from Q3. This is mainly due to, Financial Services having an improved position of £0.355m due to a reduction in external audit fees concerning the backstop arrangements, additional grant income, staff vacancies and running cost savings across all budgets.
 - (b) **Head of Strategy, Performance & Communications** has underspent by £0.171m after a carry forward request of £0.010m, an improvement of £0.079m on Q3. This is due to staffing and running costs savings across all the service areas.
 - (c) **Law and Governance** has overspent by £0.186m, after a carry forward request of £0.040m, an improvement of £0.239m on Q3. The majority of this improvement has arisen from lower than projected external legal costs of £0.301m for Children's and Adults services, both of which are demand led.
 - (d) The **Xentrall Services**, ICT budget has overspent by £0.286m, an increase of £0.147m on the Q3 position. This is due to replacement ICT equipment and increased prices for Infrastructure.
 - (e) **Housing & Revenues** has overspent by £1.341m, an increase of £0.118m on the Q3 position. This increase is a continuation of shortfalls in Housing Benefit subsidies linked to the increase in homelessness and the lack of suitable accommodation, which has been offset by reduced bank charges (£0.060m) additional Homeless grant (£0.200m) and other staffing and running costs across the division.
13. **Economy and Public Protection** is underspent by £0.178m after carry forward requests of £0.117m, a decline of £0.086m on the position reported at Q3 as detailed below:
- (a) Development Management met its income target, however bad debt associated with S106 agreements saw the projected underspend not materialise. Work to recover this outstanding debt continues into 2025/26.
 - (b) Place Strategy's underspend has increased by £0.040m from staff savings generated from alternative funding.
 - (c) Property Management and Estates overspent by £0.081m which are the Cabinet approved holding costs for the former Wilko property pending future development.
14. The School balances and allocations are shown in Appendix 2(f).

Council Wide and Corporately Managed Resources

15. The Council Wide and Corporately Managed Resources budgets have a projected outturn overspend of a £0.125m. This overspend is detailed as follows:
- (a) Financing Costs for the year have overspent by £0.324m due to interest rates remaining higher for longer than anticipated (£0.270m) due to the economic climate, to offset this the Council has reduced borrowing as far as possible to minimise exposure to higher rates. Investment returns are slightly lower than budgeted due to the ending of one of the property fund investments (£0.054m).

- (b) The Council received additional non budgeted income from the Government from the Levy Account Surplus in late March (£0.192m), which along with additional procurement savings from North East Purchasing Organisation (NEPO) rebates have offset the additional financing cost pressure.

Carry Forward Requests

- 16. There are a number of new carry forward requests to 2025/26 amounting to £1.276m from departments as detailed below. These requests are categorised into three areas: slippage, assisting in achieving the council plan ambitions and budget pressures. Approval is requested to carry these amounts forward into the new financial year.
- 17. **Slippage** – There is £0.197m of slippage on planned projects across the Council in the following areas:
 - (a) £0.031m **Flood & Water Act** – The Council’s flood and water officer will use these funds to support schemes and projects in 2025/26. This will fund the Council’s contribution to ongoing drainage studies in partnership with Northumbrian Water and the Environment Agency, to assess the risk of flooding in Darlington and identify any potential schemes that may need to be developed to manage that risk.
 - (b) £0.005m **Highways** – For Salters Lane North kerb relay, following slippage on the works due to delays associated with permits.
 - (c) £0.036m **Street Scene** – Slippage on various small schemes including installation of street furniture including the new solar benches and wheelchair accessible picnic tables, essential footpath works at South Park rose garden and essential bridge repairs at The Denes.
 - (d) £0.011m **Dolphin Centre** – Replacement pavement café furniture to replace damaged and leisure equipment that has been ordered but not yet delivered.
 - (e) £0.018m **Outdoor Events** – Purchase of merchandise for the Darlington 10k run funded from previous years participants and bollard repair within the Town Centre.
 - (f) £0.096m **Estates and Property Management** – To cover back dated service charges within Bishopsgate House.
- 18. **Assist in achieving the Council plan ambitions** - There is £0.449m of carry forwards identified as follows:
 - (a) £0.010m **Commissioning** – To contribute towards the setting up costs of the repurpose of Gilling Children’s home, to support the children’s sustainability programme delivery.
 - (b) £0.060m **Education** – To implement a three year pilot to use a Quality Assurance tool linked to Education, Health and Care Plans (EHCP’s), to support the quality of EHCPs and delivery of automated data analysis to inform and support decisions. The Local

Area SEND Inspection of Darlington in November 2024 identified improving the quality of EHCP's as an area for improvement, this tool will make a significant contribution to improving this inspection outcome for the local area and evidencing improvements made.

- (c) £0.041m **School Transport** – To provide the Easyroute planner for school transport routes for three years. This will allow for multi-mapping of a number of different pickup points as well as formulating the shortest route. With the increased precision the team can also use the system to challenge contractors bidding for work, when the route is based on price per mile, which will result in savings against the school transport budget.
- (d) £0.022m **Work Force Development** - To support the service to deliver a leadership development programme for Team Managers and to support our ongoing work in terms of Equality, Diversity and Inclusion by funding specific training related to seldom-heard groups in Darlington as per the CQC framework.
- (e) £0.050m **Street Scene Trade Waste** – Following the introduction of recent regulations that require businesses to separate their waste streams, the Council have introduced trade recycling but are not able to offer food waste collections until 2026/27. This has resulted in some customers moving to new providers. The estimated reduction of income during transition of service in 2025/26 is £0.050m and this carry forward is requested while work is undertaken to address this fall in income and assess how businesses are managing their waste collections and how food waste has impacted income from other collections.
- (f) £0.020m **Street Scene** – To provide upfront funding for invest to save and income generation initiatives under development in 2025/26.
- (g) £0.070m **Community Safety** – Staff savings associated with one-off funding is requested to be carried forward to support enforcement and service priorities in 2025/26.
- (h) £0.025m **CCTV** – Contributions received in 2024/25 by external bodies is requested to be carried forward to support service delivery in 2025/26.
- (i) £0.015m **Dolphin Centre** – Installation of three additional cameras for improved security on key locations in the facility and purchase of Technogym Checkup equipment for improved customer experience.
- (j) £0.100m **Dolphin Centre** – Upfront savings made in staffing in 2024/25 are requested to be carried forward to contribute towards the MTFP saving target for 2025/26 as spend to save schemes are developed.
- (k) 0.005m **Health & Safety** – To provide additional training for new team members to ensure the Council continues to provide excellent health & safety advice for all projects.
- (l) £0.010m **Communication and Systems**– To support several activities including enhancing the provision of the benefits advice service, temporarily increasing capacity

to support the S&DR200 celebrations, and ensuring all of the content on the corporate website is promptly transferred to the updated web platform.

- (m) £0.09m **Economy** – Savings within the Business team are proposed to be rolled forward to deliver number of events, e.g. Jobs Fair, STEM events, UK Real Estate & Inward Investment Forum (UKREiiF) and some advertorial features, to promote economic activity within the borough.
- (n) £0.012m **Climate Change** – Due to a short-term vacancy during the year a small underspend was generated within the climate change team. It is requested that this underspend is carried forward to support the climate change aims of the Council.

19. **Pressures.** There are £0.630m of identified pressures as follows:

- (a) £0.050m **Voluntary Sector** – Additional pressures arising across the commissioned services from increased service demand or inflationary increases.
- (b) £0.470m **External Purchase of Care** – Following the introduction of increased national insurance rates for employers from April 2025 the Council has reviewed the impact of these changes on Darlington’s care market and has agreed to increase the staffing element of our payments formula by 1.2%. This will apply to care providers on the Council’s Adults residential and Home Care and Support frameworks.
- (c) £0.020m **Street Scene** – Due to a rise in damage to play areas from misuse and vandalism continuing to put a pressure on the service.
- (d) £0.030m **Street Scene** – The ongoing borough-wide tree survey has identified additional trees required to be surveyed which will result in a cost pressure in 2025/26.
- (e) £0.020m **Street Scene** – The service currently uses two quad bikes for various activities, including weedkilling and winter gritting. While the replacement of the equipment is reflected in the MTFP the replacement cost has grown significantly, and it is requested that the increase in price above the projected replacement cost is carried forward.
- (f) £0.040m **Complaints** – The Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman introduced Statutory Complaints Handling Codes on 1 April 2024, requiring payments to complainants where the Council fails to comply. Since 2019/20 stage 2 complaints have risen annually, increasing by 50% to 2024/25, meaning this statutory function is no longer appropriately resourced. Carry forward is requested to provide additional temporary resource to assist with the completion of Stage 2 complaints, whilst determining future resourcing.

Housing Revenue Account

20. Housing Revenue Account (HRA) projections are shown in **Appendix 3** with an overall balanced budget. There has been an improvement in the working balance of £1.584m from the Q3 projection which is due to:

- (a) Rental and Sundry Rents are higher than forecasted due to 2024/25 having an additional rent week which was not factored into the Q3 projection. This has increased income by £0.632m.
- (b) Service Charges and Charges for Services and Facilities show a net improvement of £0.019m. Additional service costs are offset by charges to tenants.
- (c) There was an additional £0.165m Wave 2.1 grant income received which was not included in Q3.
- (d) There has been an additional interest income £0.483m received across the year, this is due to interest rates remaining higher for longer than originally forecast.
- (e) The repairs and maintenance budget has increased by £0.551m due to additional repairs required across properties, inflationary increases in the cost of those repairs and additional charge from a supplier for works undertaken which had not been previously charged.
- (f) The capital financing costs have decreased by £0.811m which is due to lower financing costs from slippage in the capital programme, including the new build housing schemes.

Conclusion

- 21. The Council's projected revenue reserves at the end of 2024/25 are £12.607m, an increase of £0.264m on the initial 2024-28 MTFP position. This increase in reserves includes a brought forward amount of £1.321m from 2023/24, £0.777m of departmental overspends and a net overspend of £0.280m in corporate resources.
- 22. The £12.607m of projected reserves, is an improvement of £1.149m on the initial estimated 2025/26 -2028/29 MTFP opening balance of £11.458m.

Outcome of Consultation

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