

REVENUE BUDGET MONITORING 2018-19 – QUARTER 3

**Responsible Cabinet Member - Councillor Stephen Harker, Leader and
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 £2.689m, an increase of £1.573m from the position reported at Quarter 2. The most significant changes are within Adult Services where there is a reported improvement of £1.193m and Corporately Managed Resources showing a £0.653m positive, movement. Details of which are explained further in this report.
3. The figures in this report increase projected balances at 31 March 2019 to £18.179m and will be reflected in the revised MTFP to Cabinet and Council in February.

Recommendation

4. It is recommended that :-
 - (a) The forecast revenue outturn for 2018-19 be noted.
 - (b) The proposed carry forward of resources referred to in paragraphs 14 to 19 be noted and approved.
 - (c) 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.

Paul Wildsmith
Managing Director

Background Papers

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

Elizabeth Davison: Extension 5830

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

6. 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 third 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.
7. The information in this report has been taken from the financial records for April to November and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
8. Overall the projected General Fund reserves position at 31st March 2019 is £18.179m.

Departmental Resources

9. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**.
10. The **Children and Adult Services Group** is forecasting a year-end under spend, after carry forward requests, of £0.375m, an improvement of £0.807m from Quarter 2.
11. **Children's Services** – has a projected year end pressure of £2.209m, an increase of £0.316m on that reported for quarter two. Significant changes are as follows:
 - (a) The Assessment Care Planning and Looked After Children budgets are projected to be over spent by an additional £0.244m. This increased pressure has mainly resulted from the required use of agency workers to cover vacant posts that have either been recruited to but are awaiting the employee to start in post or to cover vacant posts arising from staff turnover, maternity and sickness absence. There is also agency provision to provide additional support to cover increased demand on the service. There continues to be a high demand for support payments to prevent children coming into care (Section 17 funding) and also a continuing requirement for legal and external professional services associated with children under a supervision order or an interim care plan.
 - (b) Adoption and Placements budgets are projected to be overspent by a further £0.070m. Whilst overall external placements have remained static expenditure has reduced by £0.090m due to changes in the needs of the children and the management of new placements. However this reduction has been offset by cost associated with the introduction of a new in-house foster carer offer which will support Darlington carers and potentially provide more capacity in-house to prevent further external placements. There has also been additional expenditure in Darlington's own residential homes following staffing changes and the use of agency staff to provide required vacancy cover.

Development and Commissioning

- (c) The Development and Commissioning budget is projected to be under spent by £0.302m, however, once carry forwards are taken into account, this service areas budgets are projected to be on target.

Education

- (d) The Education budgets are expected to be over spent by £0.063m, an increase of £0.016m from Quarter 2. Additional savings are projected within the Education budgets of £0.061m which arise from additional staff turnover and the use of grant funding. These savings have been offset by additional costs within school transport of £0.077m following the confirmation of routes for the 2018/19 academic year.

Public Health

- (e) The Public Health budget is projected to be under spent by £0.104m in relation to the digital platform for health, however this amount is being carried forward as previously approved

12. Adult Social Care and Health – is forecasting an under spend, after a carry forward request, of £2.683m, an improvement of £1.193m.

- (a) The success of the adults transformation work in reviewing clients residential and nursing placements to ensure they are receiving the correct support has led to a further saving of £0.172m. There has also been a reduction in demand for placements in a residential setting, the work ongoing to support individuals remain in their own home has reduced anticipated demand in this area releasing funds of £0.500m.
- (b) We continue to be successful in the assessment of client contributions towards care packages which has increased by £0.330m and there has also been a recovery of monies from service users in regard to unrequired direct payments of £0.177m where packages have changed or finished.
- (c) Members will recall the Council was allocated additional improved better care fund (iBCF) funding over a three year period as part of the 2018 spring budget, conditions were attached to the allocation and approval required by the Health and Wellbeing Board. This funding is being utilised to reduce future demand and assist with sustainability. The programme of work falls over a couple of years and as such it is requested £1.213m is carried forward to 2019/20 as detailed in paragraph 18.

13. The Economic Growth and Neighbourhood Services Group is forecasting an under spend, after carry forward requests, of £0.063m, an improvement of £0.046m from Quarter 2.

- (a) Planning fees are expected to be £0.100m below target. Applications continued to be submitted from developers but it is anticipated there will be some slippage into 2019/20 for a number of larger applications. This can be managed from within existing Economic Growth resources.

- (b) While Highways is expecting to break even, overall there is some variation within service. Maintenance for both highways and street lighting is anticipated to over spend, this will however be offset by savings in staffing due to vacant posts, utilities as a result of the street lighting LED replacement programme and additional income from fees and higher than expected surpluses from the DLO.
 - (c) Building Services is anticipated to be £0.400m better than target. The improved position is partially due to cost saving as well as following the financial completion of a number of major construction projects during the year and the subsequent release of prudent contractor provisions.
 - (d) Corporate Landlord is expected to over spend by £0.185m, an increase of £0.085m from Quarter 2. The additional cost is due in part to further increases in utilities as well as increases in some material spends.
 - (e) Housing is forecasting an under spend of £0.054m, an improvement of £0.041m from Quarter 2 mainly due to a revision in the net income forecast from council tax costs.
14. The **Resources Group** is forecasting after carry forwards an over spend of £0.076m, an increase of £0.032m from Quarter 2.
- (a) There continues to be pressures for children's legal fees arising from increased cases with the projected pressure increasing by £0.075m, however these have been offset by savings in supplies and services budgets and staff turnover within Finance, Administration and HR.

15. The School balances and allocations are shown in **Appendix 2(e)**.

Carry Forward Requests

16. Workforce Development £0.056m – to support the implementation of Signs of Safety Training and developing Strengths Based Approaches across Adults Services. A main focus of 2019/20 will be providing enhanced training across Adults Services as identified in Training Needs Analysis. Carry forwards will also be utilised to ensure that the training is effectively Impact Analysed. Additional spend will help to bring Adults Services in line with training provided for Children's Services.
17. Members will recall a carry forward request from last year underspend for equalities training, this programme is being developed and will cover the whole of the workforce and initial quotes from training providers indication additional funding will be required. It is therefore requested that £0.050m is carried forward from the under spend in the communications and engagement budget.
18. Economy £0.036m – to support the work carried out by the Economy team in the delivery of the economic growth agenda including continuing the Sector Proposition work.

19. Community Safety £0.080m – to provide resilience for the new Community Safety service as it becomes embedded following its launch in 2018/19. The funding will be used to support the work carried out by the enforcement teams to allow them to achieve the goals and objectives of the service.
20. Adults are requesting approval to carry forward £1.213m to support a review of the First Point of Contact to focus on demand management and the reablement teams following an Intermediate Care review to enable an improved reablement pathway, performance and business intelligence, changes to the assessment process and improved commissioning arrangements.
21. Prevention/Voluntary £0.111m – to protect the current allocation for prevention type services provided. The prevention budget supports some of the most vulnerable adults in the borough and these services help to manage demand further down the system, where people then may require more complex support. The voluntary sector budget provides support to community and voluntary organisations that work with vulnerable people which again reduces the requirement for people to need to access more complex services.

Council Wide and Corporately Managed Resources

22. The Council Wide and Corporately Managed Resources projections show an improved position of £0.752m from quarter two. This is the result of additional one off government grant for Adults services of £0.313m that can be released to general reserves together with a one-off rebate from the Levy Account that the Government announced in December 2018 would be released to all authorities, our share of which is £0.346m. Council Wide budgets are projected to be under spent by £0.128m, an increase of £0.099m from Quarter 2, mainly due to the amount required for the additional pay award for 2018/19 being less than the estimated provision originally set aside in the MTFP.

Housing Revenue Account

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

Collection Fund

24. 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 and Rescue precept authorities and Central Government. At this stage in the year, no surplus or deficit is forecast.

Conclusion

25. The Council's projected revenue reserves at the end of 2018-19 are £18.179m, £2.689m more than the initial 2018-22 MTFP position and includes a brought forward amount of £0.530m from 2017/18, a rebasing exercise of £0.425m, with the departmental/corporate resources forecast to be £1.734m better off.

26. Of the £18.179m projected reserves, we have a risk reserve balance of £4.350m and a commitment to use £11.932m to support the draft 2019–2023 MTFP, leaving £1.897m one off funding to further support the general fund moving forward.
27. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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