
REVENUE BUDGET MONITORING 2018-19 – QUARTER 1

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 early forecast of the 2018-19 revenue budget outturn as part of the Council's continuous financial management process.
2. To inform Cabinet of the budget rebasing exercise carried out following the 2017-18 outturn results.

Summary

3. This is the first revenue budget management report to Cabinet for 2018-19. The latest projections following a rebasing exercise show an overall improvement of £0.955M. The overall improvement is due to £0.530M of balances carried forward from the 2017-18 outturn and the rebasing exercise which has returned £0.425M to general reserves. Whilst the Children & Adults Services Group is forecasting a break even position overall, Children's Services are forecasting an over spend of £0.908M. This is being offset by underspend within Adult Social Care of £1.308M, of which £0.400M will be returned to reserves with the remainder balancing the deficit. Details of both are referred to later in this report.

Recommendation

4. 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

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

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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 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. This is the first revenue budget management report to Cabinet for 2018-19 and provides an early forecast of the 2018-19 revenue position as part of the Council's continuous financial management process.
7. 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 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.
8. The information in this report has been taken from the financial records for May and managers' projections for the remainder of the year, using their knowledge of events affecting the service they manage.
9. As has been the case in the last few years a review of the 2018-19 budgets has been undertaken during April and May and managers have been proactive in scrutinising their budgets in light of the 2017-18 outturn position. In total managers have identified £0.410M of on-going savings and £0.015M of one-off savings which can be removed from budgets into reserves without impacting on service delivery.
10. Overall the projected General Fund reserves position at 31st March 2019 is £16.445M, a welcome £0.955M improvement on the planned balances in the 2018-22 MTFP. Of this £0.530M relates to the improvement in the Council's 2017-18 outturn position plus the £0.425M returned to reserves as a result of the recent rebasing exercise.

Departmental Resources

11. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**. It is difficult for managers to predict year end positions at this early stage and with the exception of the **Children and Adult Services Group**, management projections indicate all other budgets are on line to be achieved.
12. The **Children and Adult Services Group** is forecasting an overall year-end break even position. However, Children's Services is forecasting a pressure of £0.908M within the Looked After Children placement budgets, from externally provided placements;
 - (a) Independent residential placements are projected to be over spent by £0.936M, this is a result of an increase in children from 30 when the budget was set (in January) to 37 in the current projection. At an average cost over £0.100M, any increase in numbers creates a significant pressure on the budget. A number of the placements are still in the assessment stage so the full extent is not yet known, it may therefore be the case that these children will not remain in the placement for the full year and subsequently the projected

expenditure would reduce. That being said at this stage a prudent approach is being taken given the pressures faced on the service over the last few years.

- (b) Independent fostering is projected to be over spent by £0.061M based on the number of currently placed children. Again, there has been an increase in the number of placements with 69 children currently in placements against 61 children when the budget was set.
- (c) The pressures in external provision is being offset by some smaller savings in the in-house provision.
- (d) Work is ongoing within the department to bring the budgets back on line, with all placements being scrutinised and efforts made to ensure they are commissioned at the best rates. Transformation work is continuing to look at alternatives to independent provision to reduce budget pressures. The in-house foster carer offer is being revised, which is expected to increase the amount of children placed with in-house foster carers and therefore reducing the need to use expensive external provision.
- (e) Following on from the positive financial out turn position, Adult Services have continued to underspend. Since the budget was set there has been a 12.5% (66) reduction in residential and nursing placements. 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.
- (f) In total Adults are projected to under spend by £1.308M and whilst in previous years we would look to claw this back into reserves, given the significant pressure in Children's Services only £0.400M has been returned to reserves. The situation will remain under constant review and if the position improves this decision will be revisited.

13. The School balances and allocations are shown in **Appendix 2(e)**. Information on projected closing school balances is not yet available but will be included in future reports to Cabinet.

Council Wide and Corporately Managed Resources

14. The Council Wide and Corporately Managed Resources projections at this stage indicate all budgets are on line to be achieved.

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 £16.445M, £0.955M more than the initial 2018-22 MTFP position and include a brought forward amount of £0.530M from 2017-18 and the rebasing exercise of £0.425M. Departmental Resources are forecast to be in line with budget.
18. Of the £16.445M 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 £0.981M 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.