

**CABINET
9 JULY 2019**

REVENUE BUDGET MONITORING 2019-20 – QUARTER 1

**Responsible Cabinet Member - Councillor Charles Johnson
Efficiency and Resources Portfolio**

Responsible Director - Paul Wildsmith, Managing Director

SUMMARY REPORT

Purpose of the Report

1. To provide an early forecast of the 2019-20 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 2018-19 outturn results.

Summary

3. This is the first revenue budget management report to Cabinet for 2019-20. The latest projections following a budget rebasing exercise show an overall improvement of £0.679M. This is primarily due to the rebasing exercise which returned £0.511M to general reserves, along with £0.168M of balances following the 2018/19 outturn underspend.
4. The risk contingency established in the MTFP for Children's Services of £0.308M has been required and utilised as there is a continued pressure in independent fostering placement numbers and costs.
5. Overall Departmental expenditure, taking into account the rebasing exercise, are forecasting a break-even position.

Recommendation

6. It is recommended that :-
 - (a) The forecast revenue outturn for 2019-20 be noted
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary.

Reasons

7. 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 wellbeing 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

8. This is the first revenue budget management report to Cabinet for 2019-20 and provides an early forecast of the 2019-20 revenue position as part of the Council's continuous financial management process.
9. 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.
10. 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 services they manage.
11. As has been the case in the last few years a review of the 2019-20 budgets has been undertaken during April and May and managers have been proactive in scrutinising their budgets in light of the 2018-19 outturn position. In total £0.511M of on-going savings have been identified which can be removed from budgets into reserves without impacting on service delivery. However if pressures unknown at this time arise in this service area a reversal from reserves would be undertaken.
12. Overall the projected General Fund reserves position at 31st March 2020 is £17.401M, a welcome £0.679M improvement on the planned balances in the 2019-23 MTFP. Of this, the improvement in the Council's 2018-19 financial results is £0.168M and £0.511M is being returned to reserves as a result of the rebasing exercise.

Departmental Resources

13. Departmental Resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(d)**. It is difficult to predict year end positions at this early stage and management projections indicate most budgets are on line to be achieved with the exception of those stated in the following paragraphs.
14. **Children's Services** is forecasting a year-end pressure of £0.692M (pre risk contingency release) based on spend to date. This over spend is projected within two areas, namely child placement costs (£0.462M) and staffing costs within social work assessment and leaving care teams (£0.230M);
 - (a) Children in independent fostering placements continues to be a pressure area as in the previous financial year and an over spend of £0.482M is predicted. When the budget was set for 2019/20 a reduction of three places was built into the budget, which has been achieved through interventions with three placings being reunified. However in the same period there have been twenty new placements which has caused a significant pressure on the budget. This pressure has been offset in part by one placement moving to in-house residential and three respite places no longer being required.

- (b) Independent residential placements are projected to be under spent by £0.073M. When the budget was set for 2019/20 a reduction of three placements was built into the budget which has been achieved with four placements ending or moving to other provision. During the same period five new placements have been made, however through the review of placements and receiving contributions from partners the net overall cost of the residential placements has fallen.
 - (c) In-house fostering costs are projected to be over spent by £0.074M, which results from over forty new placements since the budget was set. In the same time period over thirty placements have ended resulting in a net increase of approximately ten. The new foster carer offer that was introduced in October 2018/19 was intended to increase the in-house capacity reducing the need to place children in more expensive independent placements. Although the budget is projected to be over spent it is hoped the initiative will reduce future independent placement expenditure.
 - (d) A projected net saving of £0.021M is made up of a number of small budget variances in Adoption, Child Arrangement Orders and Special Guardianship Orders. These small variances result from changes in placements and the current non-increase in place numbers.
 - (e) Assessment and Intervention Teams are projected to be over spent by £0.168M. Social Work staffing budgets have been under pressure due to the increases in demand as more children require intervention. These demand increases have been met by the use of agency staff which are high cost and in addition workers are fluid meaning families may be allocated new social workers during interventions. As demands have continued to increase it was agreed to recruit four additional peripatetic social workers to allow for consistency within the workforce. These workers are also to be used to cover for staff shortages due to sickness or maternity leave. Whilst overspent it is still more efficient than continuing to use agency staff.
 - (f) The Leaving After/Through Care team is projected to be over spent by £0.062M. As the number of looked after children has increased this has put demand pressures on the team with increased numbers of children to work with. Two temporary posts have been added to the team over the budget allocation.
 - (g) Members may recall a risk contingency of £0.308M was incorporated into the budget for Looked After Children pressures if anticipated net reductions could not be achieved. Given the level of overspend in Independent Fostering the full contingency of £0.308M has been release to partially offset the pressure in this area.
15. **Adult Social Care & Health** is forecasting an under spend of £1.105M. £0.594M is being utilised to offset overspends elsewhere in the departmental budgets with £0.511M being returned to reserves. A rebasing exercise was completed reviewing the 2019/20 external purchase of care budget to reflect the outcome of the 2018/19 year end savings. Members will recall there was a reduction of 36 older person residential/nursing placements; additional health funding and the review of packages via the transformation agenda. These changes impacted positively on the out turn position and are continuing into the new financial year. Conversely there is

a projected increase in the costs associated with the mental capacity act due to a delay in changes to assessments.

16. The **Economic Growth and Neighbourhood Services Group** is projecting an over spend of £0.210M.
 - (a) The Library Service is expected to have a £0.110M shortfall on planned savings in 2019/20. Following the decision by Cabinet in September 2018 to retain the central library at Crown Street there have been delays in implementing services changes whilst all options are considered.
 - (b) Car Parking is anticipated to have a £0.100M pressure in 2019/20. While overall tickets issued is higher than last year, income has fallen as more people take advantage of the 2 hour free parking offer. The overspend reflects the anticipated full year effect of the offer.
17. 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

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

Housing Revenue Account

19. HRA projections are shown in **Appendix 3** with no variances to budget at this stage.

Collection Fund

20. 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

21. The Council's projected revenue reserves at the end of 2019-20 are £17.401M, £0.679M higher than the initial 2019-23 MTFP position and include a brought forward amount of £0.168M from 2018-19 and the rebasing exercise of £0.511M.
22. Of the £17.401M projected reserves, we have a risk reserve balance of £4.350M and a commitment to use £11.212M to support the 2019–2023 MTFP, leaving £1.839M one off funding to further support the general fund moving forward.
23. Whilst the improved position is helpful it does not change the financial context in which the Council is currently planning.

Outcome of Consultation

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