

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

28 March 2018

Report of the Director of Finance & ICT

BUDGET MONITORING 2017-18 (as at 31 December 2017)

1 Purpose of the Report

To provide Members with an update of the Revenue Budget position for 2017-18 as at 31 December 2017.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolios as at 31 December 2017. In addition to this report, further reports will also be considered at Cabinet and Cabinet Member meetings in accordance with the Budget Monitoring Policy and Financial Regulations.

The projected outturn compared to controllable budget is summarised below. This includes the use of one-off funding for the Highways, Transport and Infrastructure and Young People portfolios.

	Budget	Forecast	Projected
	£m	Actuals	Outturn
		£m	£m
Adult Care	224.428	221.224	(3.204)
Council Services	42.681	42.393	(0.288)
Economic Development and Regeneration	1.413	1.373	(0.040)
Health and Communities (exc. Public Health)	3.588	3.482	(0.106)
Highways, Transport and Infrastructure	79.347	77.125	(2.222)
Strategic Leadership, Culture and Tourism	14.219	13.489	(0.730)
Young People	94.175	98.960	4.785
Total Portfolio Outturn	459.851	458.046	(1.805)
Interest Income			0.00
Debt Charges and Risk Management			(7.170)
Total			(8.975)

A summary of the individual portfolio positions is detailed below.

Adult Care

There is a projected year-end underspend of £2.480m (assuming that the Improved Better Care Fund (iBCF) will be fully spent within the year). Further details are set out below:

Purchased Services (£2.134m overspend) - the main variances in Purchased Services continue to be due to an increase in the number of care packages, especially Residential Care, agreed to enable the authority to meet its target to reduce Delayed Transfer of Care from hospitals.

Strategic Director (£0.955m underspend) – relates to budgets awaiting allocation during the year.

Commissioning and Performance (£3.658m underspend) – savings on block contracts (£0.724m), housing related support (£1.253m) and the pooled Integrated Community Equipment Service budgets (£0.838m) account for the main underspends with staffing turnover and vacancies accounting for the remainder.

The budget savings target of £14.795m has already been achieved with total savings of £15.777m projected.

Council Services

The budget is forecasting an underspend of £0.288m at year-end, variances within the portfolio include:

County Property (£0.410m overspend) – including an overspend of £0.711m that relates to the Industrial Development Portfolio managed by the Property Services Division.

Corporate Finance & ICT Division (£0.305m underspend) - this is mainly due to vacancy controls and higher than anticipated levels of income from trading with schools.

Human Resources (HR) Division (£0.365m underspend) - the key variance relates to vacancy control.

Budget reductions totalling £3.301m were allocated for the year, with a contribution of £0.175m towards the shortfall in identified savings. The department has identified £3.015m of savings, of which £2.905m will be achieved, with the balance being met from underspends.

Economic Development and Regeneration

There is a projected year-end underspend of £0.040m.

Health and Communities

The 2017-18 controllable net budget for the Health and Communities portfolio is £3.631m. This includes the ring-fenced Public Health budget worth

£41.618m which is fully funded by the ring-fenced Public Health Grant for 2017-18. The forecast year-end position for the portfolio is an underspend of £0.830m, however, excluding Public Health the underspend is £0.106m. The main variances are:

Community Safety (£0.133m underspend) - mainly due to staff vacancies and an underspend on Community Safety projects.

Public Health (£0.724m underspend) – a large proportion of the underspend continues to be generated from activity-based contracts which are not achieving anticipated levels of service activity when the contracts were tendered. An underspend has been introduced to reflect a more gradual increase in activity for the new Live Life Better Derbyshire Service which commenced on 1 December 2017. The underspend at year-end will be transferred into the Public Health Reserve and will help to meet Public Health restructure costs and pay protection arrangements for 2 years from April 2018; it will also be used to support investment in a comprehensive programme of sports and physical activity grants as per the Council Plan.

A budget savings target of £0.281m has been allocated for 2017-18, of which £0.212m will be achieved.

Highways, Transport and Infrastructure

There is a projected year-end underspend of £2.222m after the previously approved release of funding from the General Reserve in respect of support to local bus services. The key variances are:

Public and Community Transport (£0.494m underspend) – after the allocation of £2.704m in relation to local bus services for which a commitment from the General Reserve remains available following previous Cabinet approvals for £4.750m support over the period 2016-18.

Highway Maintenance (£2.060m overspend). The overspend is due to:

- winter maintenance is currently projected to overspend due to the high level of fixed costs;
- inflation on street lighting energy and;
- the delay in the implementation of the street lighting LED contract.

Planning and Development (£0.828m underspend) - mainly due to an over recovery of sections 38 and 278 developers fees in relation to the inspection of new developments.

Waste Management (£2.806m underspend) - this includes £1.388m final year landfill diversion saving, £1.000m in respect of lower than originally expected waste tonnage and £0.326m business rates savings due to the waste treatment facility project delay.

Unallocated Budget Savings (£1.297m overspend) – not yet allocated to specific services.

A savings target of £5.729m has been allocated for the year, of which £2.852m will be achieved.

Strategic Leadership, Culture and Tourism

A forecast year-end underspend of £0.730m is projected. Key variances are:

Communications (£0.291m underspend) – the key variance is due to vacancy control within Call Derbyshire.

Chief Executive's (£0.246m underspend) - this relates to the restructuring of the Council's Senior Management Team.

Budget reductions totalling £1.189m were allocated for the year, with a contribution of £0.220m towards the shortfall in savings, giving a revised target for the year of £0.969m. The department identified savings of £0.913m, but has only achieved £0.442m, with the balance being met from underspends

Young People

The current forecast year-end position is an overspend of £4.785m after the residual Children's Services prior year underspend, currently held in an Earmarked Reserve, contributes £2.053m. The main variances are:

Early Help and Safeguarding (£7.272m overspend) –contributory factors are increases in:

- numbers of children in care;
- referrals;
- complexity;
- financial support for children living with family members and;
- use of agency staff.

Advisory Service (£0.780m overspend) – due to the service moving towards being funded from government grant and traded income. This overspend is being covered by an Earmarked Reserve and use of that reserve has already been reflected in the portfolio's projected total overspend.

Allocations from Grants (£0.090m overspend) - the overspend is due to a shortfall in the re-pooling of contributions from schools and academies towards the Early Help offer.

Home to School Transport-SEN and Post-16 (£0.502m overspend) – due to increased numbers, more specialised transport and projected increase on transport to Special Schools provided by other local authorities.

Child Protection (£0.137m overspend) – due to increases in the number of children with a child protection plan and the number of referrals of children.

Capital Adjustment (£0.671m underspend) – from full reconciliation of capital allocations to projects. During the year it is anticipated that the full reconciliation will be concluded and that funds will be returned to Children’s Services.

Catering Service (£0.169m underspend) - due mainly to higher sales in Secondary Schools than projected.

Finance/HR/Information and Communication Technology/Business Services (£0.879m underspend) - due to vacancy control.

A savings target of £6.163m has been allocated, of which £4.623m has been achieved to date.

Summary

A portfolio underspend of £1.805m is forecast after the use of Earmarked Reserves to partly fund Young People and the use of the General Reserve to support local bus services. Any underspends in 2017-18 will be used to manage the budget in 2018-19.

The Debt Charges and Risk Management Budgets have an underspend of £7.170m, however, the balance will support the management of a balanced budget in future years.

Details of additional grant income received in-year were reported to Cabinet on 20 July 2017. This resource will be used to help manage the budget in future years, details of which are set out in the Five Year Financial Plan.

Interest on balances is estimated to break even by the year-end. Whilst the interest base rate remains at 0.50%, the Council utilises a range of investments to maximise its income.

Details of the Council’s Earmarked Reserves balances as at 31 December 2017 are set out in Appendix One. The recent review of the Council’s reserves’ balances was reported to Cabinet on 26 October 2017.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

4 Background Papers

Papers held in Technical Section, Corporate Finance & ICT, Rooms 137-8.
PHR-803

5 Officer's Recommendation

To note the 2017-18 budget monitoring position as at 31 December 2017.

PETER HANDFORD

Director of Finance & ICT

Earmarked Reserves as at 31 December 2017**APPENDIX ONE****Adult Care**

£m

Adult Care Budget Cut Shortfall	3.161
Adult Care Budget Cut Pump Priming	0.771
Adult Care Replacement ICT System	0.250
Total Adult Care	4.182

Council Services

Insurance and Risk Management	19.953
Uninsured Financial loss	13.000
Budget Management	9.898
Change Management	5.553
Planned Building Maintenance	5.492
Computer Reserve Fund	4.394
Property IMP scheme	3.933
Property Direct Service Organisation (DSO)	3.512
Corporate Resources Department (CRD) Reserve	2.532
Business Rates Pool	2.260
Derbyshire Property Package	1.953
Other reserves	5.886
Total Council Services	78.366

Economic Development and Regeneration

D2 Growth Fund	0.200
D2EE Low Carbon Project	0.161
D2 Business Development	0.143
Markham Vale Environment Centre Extension	0.114
Skills Training	0.101
Markham Vale Economic Impact Assessment	0.100
D2N2 Demand Stimulation	0.100
Other reserves	0.141
Total Economic Development and Regeneration	1.059

Health and Communities

Public Health s256 /Externally Funded Reserve	0.266
Other reserves	0.354
Total Health and Communities	0.621

Highways, Transport and Infrastructure

Environmental underspends	6.196
Broadband	6.121
Winter Maintenance	2.000
Road Safety Public Service Agreement (PSA)	1.634
Derby and Derbyshire Road Safety Partnerships Reserve	1.009

	Public
Waste, Performance and Efficiency Grant (WPEG) 2006-07	0.802
IT Reserve	0.625
Waste Recycling Initiatives	0.391
Direct Labour Organisation (DLO) Reserve Highways	0.311
Other reserves	1.916
Total Highways, Transport and Infrastructure	21.004
Strategic Leadership, Culture and Tourism	£m
Strategic Policy Budget commitments	1.477
Derbyshire Challenge Fund	0.870
Policy and Research	0.560
Innovations and Transformation	0.330
High Needs Strategic Funding	0.305
Culture and Community Service (CACS) underspend	0.256
Upgrade of Broadband in Libraries	0.255
Derwent Valley Mills World Heritage Site	0.178
Public Service Agreement (PSA) ¹ Reward Grant	0.175
Digital Exclusion	0.101
Other reserves	0.709
Total Strategic Leadership, Culture and Tourism	5.216
Young People	
Tackling Troubled Families	3.626
Capital two year old provision	2.493
Prior year underspend	2.053
Complex Enquiry	0.879
Primary Teachers' Pooled Premium Reserve	0.688
Children and Younger Adults (CAYA) Earmarked Reserve	0.579
Foster Carers Adaptations	0.415
Other reserves	1.140
Total Young People	11.874
Total Earmarked Reserves	122.322
Public Health Grant	6.343
Balances held for and on behalf of schools	
School Balances	35.434
Dedicated Schools Grant (DSG)	7.079
Total balances held for and on behalf of schools	42.513