

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR COUNCIL SERVICES

14 September 2017

**Report of the Strategic Director of Corporate Resources and the
Director of Finance & ICT**

PROPOSALS FOR THE USE OF THE 2016-17 UNDERSPEND

1 Purpose of the report

To make proposals and seek approval for the use of Corporate Resources Departmental underspend 2016-17.

2 Information and analysis

At its meeting of 20 July, Cabinet agreed that departments were allowed to carry forward their 2016-17 underspend, and seek the approval of their Cabinet Member as to the use of the underspends. The department had a controllable underspend of £1.507m. Proposals for the use of the underspend are set out below:

Accounting and Management Information requirements £380k

For the financial year 2017-18, local authorities need to close their accounts by 31 May. Having just gone through the accounts closure process, there are a number of areas that we need strengthen to enable us to meet this statutory deadline and ensure sign off by the external auditors. This includes automating the production of the Asset history Sheet (Note 16 in the accounts) which currently involves significant manual intervention, and the reconciliation of the Asset Management system held in Property to the Council's main finance system, SAP, to ensure that all assets are held in both systems. There are also a number of amendments to SAP which need to be resolved to avoid other manual adjustments, which could potentially lead to errors.

Providing annual asset valuations of the Council's land and property holdings is a statutory accountancy requirement. Following events this year that highlighted the unsustainability of the current delivery model due to lack of resilience, it is apparent that the Council needs to consider more robust approaches in order to continue to meet its statutory duty. Failure to complete asset valuations effectively would result in the inability for the Council to close its accounts and possibly qualification of those accounts by

the external auditor. In respect of management information, we have a Business Warehouse team where 4 out of 5 members of the team are secondees, currently funded from the Council's Change Management Budget. Consequent on the retirement of the current BW Team manager in September/October 2017, and the upcoming merger of Finance and ICT management structures, extension to the current secondments to March 2018 is requested to allow time for the new structure to be put into place. After this the new manager will need to seek permanent funding of the BW Team.

There is also a need to provide overtime for the SAP/TASK project to enable the processing of job tickets, purchase orders, goods receipt notes, supplier invoices, charging, and other transactional processing to be brought up to date by the end of September. This will enable a "business as usual" transactional position to be achieved, and thus enable an assessment of the resources and efficiencies to be made going forward.

Software and hardware requirements £100k

The Council has allocated £1m to replace IT kit over 5 years old. The value of kit to be replaced is approximately £1.133m, and will require a contribution of approximately £20k from CRD towards the shortfall to ensure we replace all of our kit. In addition, Property Division need to replace the large format printer plotter which is 10 years old and is frequently breaking down.

The Shared Services Centre provides payroll services to a number of academies and is actively seeking to offer their services to new academies. Academies do not have access to SAP due to licensing and security reasons, and as such, all absence and attendance information is returned on paper/via spreadsheet and rekeyed by SSC staff. As the number of Academies increases, the manual process is not sustainable. Many Academies wish to remain with the Council for payroll purposes. Software has been identified as being able to process this data automatically into the payroll system.

Other pressures £161k

There are a number of other bids which will help to address known work pressures and necessary expenditure that we will have to deal with in this financial year. These are:

GDPR training £25k – TBC

The General Data Protection Regulation (GDPR) will apply from 25 May 2018. Many of the GDPR's main concepts and principles are much the same as those in the current Data Protection Act (DPA) However, there are new elements and significant enhancements, which the Council will need to plan for. A key part of the preparations is training for employees at all levels of the organisation.

Apprenticeship levy £25k

There will be a peak in activity connected with the apprenticeship project from June through to October to support our summer recruitment campaign of over 100 new apprenticeship opportunities. We will need the flexibility to bring in additional resource at short notice to support this should it be required.

Property rationalisation and staff relocations £40k

This will enable the continuation of smaller opportunistic property rationalisation schemes which result in revenue savings and service delivery improvements. The budget would be used for buying furniture, paying for removal companies, minor building alterations and other relocation related expenditure.

Training £21k

In previous years the training budget has been overcommitted. The approval of this bid should provide sufficient budget for the department to meet their training needs.

Occupational Health Medicals £50k

Medicals have previously been charged to the Children's Services HR advisory service that has absorbed the cost. Due to budget constraints this will need to be charged to schools in 2018-19. The amount requested will help to meet the budgetary shortfall in 2017-18 and allow the service to put in place a revised charging structure for 2018-19.

The Council Services portfolio also includes Industrial Estates and Small Business Centres. They have under recovered income targets due to the number of voids since 2008, and it is projected to under recover in 2017-18. It would be prudent to ' earmark' approximately £500k of the reserve to cover this shortfall, which will allow the department to manage the under recovery whilst a strategy for the portfolio is developed.

Any remaining balance should be retained to cover any unforeseen demands that may occur during the year, and to cover any possible budget shortfalls.

3 Financial Considerations

These are identified in the main body of the report.

4 Other Considerations

In preparing this report the relevance of the following factors has been

considered; legal, prevention of crime and disorder, equality of opportunity, social value, environmental, health, human resources, property and transport considerations.

5 Background Papers

Cabinet Report (Revenue Outturn 2016-17) 20 July 2017.

6 Key Decision

No.

7 Call-in:

Is it required that call-in be waived for any decision on this report?

No.

8 Officers' Recommendation

That the use of the Departmental underspend as outlined in the report is approved

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PETER HANDFORD

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