

Agenda Item No.3**DERBYSHIRE COUNTY COUNCIL****CABINET MEMBER FOR CORPORATE SERVICES****6 June 2019****Report of the Executive Director, Commissioning, Communities and
Policy and the Director of Finance & ICT****REVENUE OUTTURN 2018-2019****1 Purpose of the Report**

To inform the Cabinet Member of the budget outturn position.

2 Information and Analysis**2.1 Summary**

The controllable budget for the Council Services portfolio is approximately £44m with an outturn of £0.635m underspend.

The outturn position is shown in the table below:

	Controllable Budget	Actual	Outturn
	£m	£m	£m
Strategic Management	1.556	1.127	(0.429)
Finance & ICT	18.726	17.843	(0.883)
Legal Services	4.550	4.734	0.183
Human Resources	3.791	3.275	(0.516)
County Property	13.002	14.018	1.016
Members	1.998	1.993	(0.005)
Miscellaneous	0.758	0.757	(0.001)
Total	44.381	43.747	(0.635)

2.2 Key Variances

Legal Services Division - £0.183m overspend – there is an ongoing review to address issues relating to provision of the service, workload and allocated budget savings.

County Property - £1.016m overspend. There are two areas that have contributed to the overspend:

Industrial Development - £0.676m overspend. Whilst the occupancy of the industrial sites is currently running at 92%, there are a number of units that are leased on 'below market rates' to organisations that have charitable status. In addition there are a number of units where the Council provides rent free periods as an incentive to attract businesses and offset maintenance requirements. The income target is challenging and work is underway to ensure the units are placed on a sustainable basis moving forward.

County Buildings - £0.451m overspend. There has been a significant increase in spend on day to day maintenance, particularly on the County Hall complex. We also received an invoice from High Peak Borough Council for running costs for the Glossop Municipal Buildings back dated to 2016-17 which was unbudgeted for.

Finance & ICT - £0.883m underspend. This has mainly arisen due to the non-filling of vacancies, particularly in the ICT part of the division. The recent approval of the new ICT Strategy will lead to a release of some of these vacancies to achieve the outcomes set out in the strategy. The division has achieved additional income from services provided to schools and the Welsh Government.

Human Resources - £0.516m underspend. The service is currently conducting a major review of the HR function across the council. A number of posts have been held vacant, to help meet savings targets in future years and also to give some flexibility when implementing the review.

Strategic management - £0.429m underspend – Previous achievement of savings additional to those planned as part of the council's budget reduction programme. These savings will be re-allocated to other pressures within the division.

2.3 Growth items

The portfolio received the following permanent base budget growth items in 2018-19:

Corporate Property Asset Valuations £0.280m

This is to ensure that the Council meets its statutory duties in ensuring its asset base is correctly recorded and maintained. A new team of 5 fte have been employed and a budget allocated for specialist help to meet annual deadlines.

Email and internet Services £0.250m

To support the roll out of essential ICT services that will provide a platform to facilitate further work streams of mobile and collaboration. This includes the replacement and enhancement of current internet and email provision.

2.4 Budget Savings

The savings target allocated to the portfolio for 2018-19 is £1.446m. Savings achieved against the target are £1.352m, leaving a balance of £0.094m. This shortfall has been met by funds allocated by Council in the 2018-19 budget and underspends.

The Council allocated £44,000 on a one off basis to fund savings that weren't anticipated being met in 2018-19. Of the savings identified, the savings in Legal Services staffing will not be achieved this year due to workload issues. In respect of the impact of non-achievement of savings in 2019-20, it is anticipated that those relating to the Legal Services Division (£75,000) will not be met. The Service is currently going through a review of its functions. The budget reductions are set out in Appendix 1.

2.5 Potential risks

The main risks included in the CCP risk register are:

Traded Services

As part of the Enterprising Council initiative, a number of services within the portfolio that are undergoing review and major structural change, such as Property Services. These services generate a significant amount of income from schools and external sources such as academies and other bodies.

Under achievement of budget savings

It is imperative that the portfolio has in place a programme of savings to meet the targets allocated by the Council.

2.6 Reserves

The Department's Earmarked Reserves total £72.7m and are listed in Appendix 2.

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, social value, property and transport considerations.

4 Key Decision

No.

5 Background Papers

Files and reports held by the Director of Finance & ICT in Room 106.

6 Officers' Recommendation

That the Cabinet Member notes the position on the 2018-19 Revenue Budget.

EMMA ALEXANDER

Executive Director Commissioning,
Communities and Policy

PETER HANDFORD

Director of Finance & ICT

APPENDIX 1

SAVINGS	Planned £	Projected £	Balance remaining £
HR staffing	126,000	126,000	0
Legal Division staffing and income	165,000	105,000	50,000
Contribution to IT reserve	170,000	170,000	0
Wide area network contract	200,000	200,000	0
Property staffing	50,000	50,000	0
Property income	411,000	411,000	0
Lullington traveller site	45,000	45,000	0
Contribution to Insurance fund	105,000	105,000	0
Support to SAP developments	130,000	130,000	0
Total	1,402,000	1,352,000	50,000
Balance of unidentified savings	44,000		94,000
Unidentified savings funded by			
One year growth	44,000		44,000
Underspends			50,000

APPENDIX 2

Reserves	Outturn balance
Change Management	2,378,801
Computer Reserve Fund	3,214,822
Property Package Reserve	965,187
PFI	2,375,229
Property DSO	1,701,060
Insurance and Risk Management	20,069,435
Equal Pay	276,874
VAT	6,650
BSF Wave 3	- 394,490
CRD Reserve	520,852
CRD Underspend	1,516,999
Demolition of buildings	523,196
Local Authorities Energy Programme	78,935
Budget Management	24,546,465
Uninsured Financial loss	3,500,000
Communities Priorities Programme	1,024,681
Property IMP scheme	1,550,193
IMP 18	1,286,374
Planned Building Maintenance	6,282,270
Exchequer	850,319
Core Systems	451,303
Total	72,725,156