

**DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR COUNCIL SERVICES**

25 August 2015

Report of the Strategic Director of Corporate Resources and Director of Finance

REVENUE OUTTURN 2014-15

1 Purpose of the Report

To report the final revenue outturn position for 2014-15, to identify significant variations in expenditure from the budget, and to make proposals for the use of any underspends.

2 Information and Analysis

2.1 Summary

Attached as Appendix 1 to this report is a statement setting out the final outturn position for 2014-15. Controllable net expenditure was £39m against a budget of £40m resulting in a controllable underspend of £1m.

2.2 Key Variances

Corporate Finance	underspend £0.241m
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The main area of underspends were staff vacancies and an increase in the level of income from traded services.

Registrars	underspend £0.389m
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The underspend is due to the over recovery of income for the various Registrar fees and charges.

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HR Development

underspend £0.432m

The main area of underspend relates to vacancies. There are also underspends on the access to work budget at the moment, but this budget responds to demands from departments

Corporate Efficiencies

overspend £.519m

These are the unallocated efficiency savings which have yet to be identified within Corporate budgets, and are currently being met from underspends within the portfolio's budget.

VR/CR Scheme

underspend £0.294m

During 2012/13 a decision was taken to meet the cost of any severance payments from the General Reserve thus generating an underspend on this budget.

Change Management

underspend £0.349m

The underspend, which can be transferred to General Reserves, is due to a combination of the multiyear nature of the programme, delays in commencing new projects and the timing of payments.

Industrial Development

overspend £0.748m

The main reasons for the overspend are the under recovery of forecasted income for industrial units and small business centres brought about by the difficult economic climate, and the additional costs due to non-domestic rates liability payable on empty properties.

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2.3 Budget Reductions

Budget reductions totalling £2.7m were allocated and have been achieved as per the table below.

	Budget Reduction Amount	Achieved Amount	Not Achieved
	£	£	£
Savings on reduced subscriptions	80,000	80,000	0
Audit Fees	100,000	100,000	0
Savings brought forward	532,000	532,000	0
Corporate Finance restructure	67,000	67,000	0
Savings on insurance premiums	300,000	300,000	0
Revenue contributions to Capital	100,000	100,000	0
VR/VER	200,000	200,000	0
Change Management	275,000	275,000	0
Staffing/Income generation from Registration	66,691	66,691	0
Building maintenance	629,000	629,000	0
Corporate Property	168,000	168,000	0
HR/SSC/DBC	206,317	206,317	0
Departmental Training/IT	14,018	14,018	0
Total	2,738,026	2,738,026	0

2.4 Proposals for the use of underspends

Commitments

HR contribution to CAYA - Council Services 27/4/15 £97k

HR contribution to L&D system – Council Services 27/4/15 £55k

Property contribution to Adult Care Block Demolition
– Council Services 20/1/15 £57k

Proposals for the use of underspends

Cabinet on the 7th July allocated £0.298m to this portfolio from underspend to be used on specific, one off projects. Below is the list of schemes we are proposing are funded from this allocation:

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Procurement & implementation of Traded Services	
software package	£78k
CIPS training	£19k
Property rationalisation/office moves	£46k
Stonewall membership	£2k
SAP development pay/non pay team support	£17k
SAP development-consultancy support	£20k
L&D system-support & maintenance	£42k
E-recruitment system-implementation costs	£74k
Total	£298k

A further significant workload pressure has also been identified within the Coroner's Service resulting in the need for an extra four staff and an increase in Assistant Coroners' time. This will potentially cost approximately £70k in 15/16, with the full year cost of approximately £150k.

The cost in 15/16 will need to be met from existing Corporate Resources Department resources and the ongoing costs will be subject to a growth bid in 2016/17.

The Council has a statutory duty under s24 of the Coroners and Justice Act 2009 to secure the provision of whatever officers and other staff are needed by the Coroner for the area to carry out his functions.

A comparison with other authorities has shown the administrative support for the Derby and Derbyshire area is under resourced for the number of cases each year. Following a recent inspection of the Derby and Chesterfield offices, the Council's Health and Safety Officer wrote to the Director of Legal Services to express his concern about the effect the workload is having on the health of the administrative staff, particularly at the Chesterfield office.

2.5 Reserves

The earmarked reserves that relate to the Council Services portfolio are listed below:

Computer reserve fund £3.406m

This is used to purchase IT equipment, particularly larger items that will only be replaced on a cyclical basis, and to meet one-off project costs.

Property IMP scheme £3.315m

The Insurance Capital Maintenance Pool (IMP) was set up by Corporate Property to enable schools to pass their planned maintenance budgets

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into the pool. The IMP uses the total combined contribution to share the burden of essential preventative maintenance needs and premature failure of building fabric, structure and services that, because of the scale and costs of the work would otherwise be outside of individual school allocation of funds.

Derbyshire property package reserve £1.955m

Property DSO has a scheme in place with schools whereby they transfer their maintenance budget to the Property DSO to manage. Any unspent balances at the end of the scheme will be returned to schools.

Property DSO £4.302m

The reserve mainly covers the replacement of large pieces of equipment and also provides a contingency against future losses

CRD Reserve £6.896m

The department has provided for building projects which have received member approval but not yet started.

We are carrying forward the balance of the newly created Insurance Capital Maintenance Programme (IMP) set up by Property Services relating to schools building projects. There is also provision for contributions to a several schemes and new IT systems.

Change Management £6.396m

The Change Management Reserve has been established to meet the one-off costs of the change management programme that cannot be met from within the annual base budget

Holmewood Business Park £0.203m

This was originally partially funded by CHART. Each year 40% of the rental income is set aside in a reserve in the event of a refund request. .

VAT Reserve £0.100m

This was established to provide a contingency against adverse judgements made by HMRC.

Insurance and Risk Management Reserve £17.524m

This was established to meet the costs of liabilities and claims incurred but not yet made against the Council. The adequacy of this balance is regularly verified by independent actuaries.

PFI Phase 1 and 2 reserves £1.809m

The phasing of income and expenditure on PFI schemes results in a mismatch on an annual basis. This reserve is built up from surpluses in earlier years and used to smooth the charge to revenue over the life of the contract.

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BSF Wave 3 reserve £1.913m

This reserve is established to meet the costs of refresh of ICT equipment and the Council's contribution to maintenance associated with the non PFI schools within the programme

South Normanton Joint Service Centre reserve £0.090m

This was established to cover the cost of future planned building element replacement and maintenance.

Registrar's £0.165m

This was set up to cover the cost of building a lift at Chesterfield Registrar's office, which is required to maximise the space required for certificate storage.

In order to establish that earmarked reserves remain fit for purpose, the Council's Reserve Policy requires that they are reviewed at least annually, and any balances no longer required are transferred to the General Reserve.

The reserves are set out in Appendix 3

2.6 Returned to General Reserves

Once the commitments and bids are accounted for, there is a transfer to general reserves of £0.554m. The position is summarised 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, property and transport considerations.

4 Background Papers

Files and reports held by the Director of Finance in Room 103, County Hall.

5 Key Decision

No

6 OFFICERS' RECOMMENDATIONS

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- 6.1** To note the revenue outturn position for 2014-15.
- 6.2** To approve the use of underspends to meet the commitments outlined in the report.

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Strategic Director
Corporate Resources

PETER HANDFORD
Director of Finance

24 June 2014

Appendix 1

DIVISION	2014/15 CONTROLLABLE BUDGET	ACTUALS	CONTROLLABLE (UNDER)/ OVER
	£	£	£
CORPORATE FINANCE			
- Corporate Finance Division	2,804,018	2,562,772	-241,246
- PF/BSF Schemes	209,082	168,749	-40,333
- Insurance	-744,009	-744,009	0
- Revenue Contributions to Capital Outlay	42,000	0	-42,000
- VR/CR scheme	293,953	0	-293,953
- SAP System Costs	1,143,499	1,143,486	-13
TRANSFORMATION SERVICES			
- Transformation Division	11,279,375	11,249,376	-29,999
- Change Management	623,510	274,971	-348,539
LEGAL AND DEMOCRATIC SERVICES			
- Legal Services Division	2,919,000	2,973,946	54,946
- Coroners	1,301,810	1,352,852	51,042
- Registrars	58,821	-329,720	-388,541
HUMAN RESOURCES			
H.R. Division	3,233,254	2,801,054	-432,200
SSC	1,088,542	1,004,281	-84,261
BUSINESS SUPPORT (Derbys business centre)	713,647	575,009	-138,638
COUNTY PROPERTY			
- County Property Division	4,297,475	4,245,800	-51,675
- Building Maintenance	7,096,802	7,096,221	-581
- Carbon Reduction	200,000	-18,503	-218,503
- County Buildings	2,813,036	2,785,413	-27,623
- Industrial Development	-1,882,856	-1,134,568	748,288
CRD CENTRALLY HELD BUDGETS	882,765	742,734	-140,031
MEMBERS			
- Elections	8,948	17,581	8,633
- Democratic representation and management	1,319,727	1,223,802	-95,925
- Member community leadership	194,610	194,610	0
MISCELLANEOUS			
- Corporate Management	395,802	390,969	-4,833
- Travellers	67,000	74,776	7,776
- Flood defence Levies	283,533	298,950	15,417
- Efficiencies	-519,048	0	519,048
- Police and Crime Panel	0	-12,855	-12,855
- Other	-116,746	9,230	125,976
TOTAL	40,007,550	38,946,927	-1,060,623
			(SURPLUS)/DEFICIT
PROPERTY DSO	41,141,900	41,085,254	-56,646

Summary position

	£m	
Net underspend	1.061m	
Less:		
Commitments		
HR commitment to CAYA	0.097m	
HR Contribution to L&D system	0.055m	
Property contribtion to Adult Care	0.057m	
Bids		
Procurement & implementation of Traded Services software package	0.078m	
CIPS training	0.019m	
Property rationalisation/office moves	0.046m	
Stonewall membership	0.002m	
SAP development pay/non pay team support	0.017m	
SAP development-consultancy support	0.020m	
L&D system-support & maintenance	0.042m	
E-recruitment system-implementation costs	0.074m	
Net transfer to general reserve		0.554m

COUNCIL SERVICES

STATEMENT OF RESERVES

2014/15

	Balance at 1.4.2014 £	Movements in year £	Balance at 31.3.2015 £
Reserve			
Computer Reserve Fund	3,447,809	41,908	3,405,901
Property IMP scheme	1,442,737	1,872,747	3,315,484
Property Package Reserve	2,186,801	231,338	1,955,463
Property DSO	4,065,869	235,809	4,301,678
CRD Reserve	5,168,900	1,727,378	6,896,278
Change Management	6,070,192	325,386	6,395,578
Insurance and Risk Management	13,607,237	3,917,156	17,524,393
Holmewood Business Park	198,950	3,730	202,680
VAT	100,0000	0	100,000
PFI	2,386,183	(577,215)	1,808,968
BSF Wave 3	981,742	931,279	1,913,021
South Normanton Joint Service Centre	90,000	0	90,000
Registrar's	165,000	0	165,000