

Agenda Item No.3

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

27 February 2017

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

BUDGET MONITORING MONTH 9 2016-2017

1 Purpose of the Report

To inform the Cabinet Member of the latest budget monitoring position.

2 Information and Analysis

2.1 Summary

The controllable budget for the Council Services portfolio is approximately £44.6m. As at month 9, the budget is forecasting an underspend of approximately £491k. The position statement at month 9 is attached as Appendix 1.

2.2 Key variances

Corporate Finance Division – projected underspend £0.144m

The key variance relates to vacancies within the Division.

SAP system costs – projected underspend £0.316m

The budget supports the cost of running the SAP system and contributes to software upgrades and developments when required. It is anticipated that the underspend will contribute to upgrades in future years.

Transformation Division – projected underspend £0.228m

There are a number of vacancies within the Division, and higher than anticipated levels of income from trading with schools has also contributed to the underspend.

HR Division – projected underspend £0.252m

The key variance relates to vacancies within the Division.

County Buildings – projected underspend £0.147m

The key areas of underspend relate to utilities and rates in the buildings on the County Hall complex.

Industrial Development – projected overspend £0.584m

For the past few years, the Industrial Development Portfolio has not achieved its income target due to the number of voids, which also results in the Council having to pay non-domestic rates liability payable on the empty units.

CRD Centrally held budgets – projected overspend £0.246m

The department has a number of posts which were created on the basis that they will become self-financing over the medium term. A number of initiatives are under way which will meet the financing objectives for these posts and will result in additional resources being transferred into this heading at the point the impact of the posts have been assessed and realised.

2.3 Reserves

The Department's Earmarked Reserves total £83.632m and are listed in Appendix 2.

2.4 Budget Reductions

Budget reductions totaling £3.419m have been identified against a target of £3.366m for this financial year. The savings are set out in Appendix 3.

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, social value and transport considerations.

4 Key Decision

No.

5 Background Papers

Files and reports held by the Director of Finance in room 104.

6 Officers' Recommendation

That the Cabinet Member notes the position on the 2016-17 Revenue Budget.

JUDITH GREENHALGH

Strategic Director of Corporate
Resources

PETER HANDFORD

Director of Finance

APPENDIX 1

COUNCIL SERVICES PORTFOLIO BUDGET MONITORING 2016/17 DECEMBER 2016					
DIVISION	2016/17 CONTROLLABLE BUDGET £	ACTUALS £	REST OF YEAR FORECAST £	2016/17 CONTROLLABLE FORECAST £	CONTROLLABLE (UNDER)/ OVER £
CORPORATE FINANCE					
- Corporate Finance Division	2,910,759	3,934,641	-1,167,618	2,767,023	-143,735
- PFI/BSF Schemes	469,325	2,406,871	(1,937,546)	469,325	0
- Insurance	2,769,829	1,255,972	1,513,857	2,769,829	0
- VR/CR scheme	18,952			0	-18,952
- SAP System Costs	1,114,152	1,827,160	-1,029,016	798,144	-316,008
Corporate Finance total	7,283,017	9,424,644	-2,620,323	6,804,321	-478,695
TRANSFORMATION SERVICES					
- Transformation Division	12,106,886	7,339,142	4,539,595	11,878,737	-228,149
- Change Management	270,042	107,851	163,233	271,084	1,042
Transformation Services total	12,376,928	7,446,993	4,702,828	12,149,821	-227,107
LEGAL AND DEMOCRATIC SERVICES DIVISION					
- Legal Services Division	2,697,953	2,118,719	627,975	2,746,694	48,740
- Coroners	1,477,905	990,197	394,587	1,384,784	-93,121
- Registrars	-372,862	-358,990	-65,388	-424,379	-51,517
Legal and Democratic Services Division total	3,802,997	2,749,926	957,173	3,707,099	-95,898
HUMAN RESOURCES					
H.R. Division	2,885,445	1,901,820	731,734	2,633,554	-251,891
SSC	1,040,346	462,323	539,909	1,002,233	-38,114
BUSINESS SUPPORT (Derbys Business Centre)	651,165	433,059	137,864	570,922	-80,243
Human Resources total	4,576,956	2,797,202	1,409,507	4,206,709	-370,248
COUNTY PROPERTY					
- County Property Division	3,623,833	2,858,432	765,400	3,623,832	-0
- Building Maintenance	6,440,679	1,551,785	4,888,894	6,440,679	0
- County Buildings	2,929,761	1,853,239	929,195	2,782,434	-147,327
- Industrial Development	-1,876,279	(1,068,714)	(223,961)	-1,292,675	583,604
County Property total	11,117,993	5,194,742	6,359,529	11,554,270	436,277
CRD CENTRALLY HELD BUDGETS	495,389	323,454	418,053	741,507	246,118
MEMBERS					
- Elections	8,948	0	0	0	-8,948
- Democratic representation and management	1,354,528	974,322	366,692	1,341,014	-13,514
- Member community leadership	518,976	186,221	332,755	518,976	0
- Communities Priorities Programme	2,271,000	246,591	2,024,409	2,271,000	0
- Chairs fund	65,382	210	65,172	65,382	0
Members' total	4,218,834	1,407,344	2,789,028	4,196,372	-22,462
MISCELLANEOUS					
- Corporate Management	443,687	226,669	85,882	323,851	-119,836
- Unapportionable central overheads	42,545	1,566	1,082	2,648	-39,897
- Travellers	67,000	18,564	49,169	67,733	733
- Flood defence Levies	311,414	233,561	77,853	311,414	0
- Other	-166,022	226,377	(212,778)	13,599	179,621
Miscellaneous total	698,624	706,737	1,208	719,245	20,621
TOTAL	44,570,738	30,051,042	14,017,002	44,079,344	-491,394
	COSTS	INCOME			(SURPLUS) /DEFICIT
PROPERTY DSO	28,891,948	28,977,239			-85,291

APPENDIX 2

	Balance as at 06/02/2017
	£
Computer Reserve Fund	3,610,076
Property IMP scheme	6,238,041
Property Package Reserve	655,491
Property DSO	4,963,187
CRD Reserve	9,433,632
Change Management	5,740,594
Insurance and Risk Management	18,987,758
VAT	6,650
PFI	1,678,892
BSF Wave 3	1,437,860
Registrar's	15,000
Adult Care PFI	146,583
Equal Pay Legal Costs	34,000
Demolition of buildings	783,733
CRD Underspend	198,205
Business Rates Pool	1,030,220
Budget Management	12,500,000
Uninsured Financial loss	13,000,000
Communities Priorities Programme	1,729,000
Local Authorities Energy Programme	84,218
Equal Pay	1,359,206
Total	83,632,346

APPENDIX 3

Budget Reductions

BUDGET REDUCTIONS 2016/17	Proposed Budget Reduction
	£
Vacancy freeze	271,000
Implementation of Hybrid mail	35,000
Reduction in departmental training budget	100,000
Reduction in registration services and increase in charges	145,000
Increased use of digitalisation in legal proceedings	30,000
Increased charges for highways and planning agreements	27,000
Recovery of legal fees on sale and lease of properties	24,000
Reduced agency expenditure in legal services	50,000
Deletion of trainee solicitor post	40,000
Revised support to members and electronic distribution of papers for meetings	30,000
Transformation staffing reductions	160,000
ICT-reduce proactive maintenance and move to break fix	300,000
Change Management	200,000
New wide area network contract	45,000
New telecoms contract	200,000
ICT hardware replacement budget	100,000
Reduce contribution to ICT reserve	270,000
Increased revenue from ICT support and maintenance charges	100,000
VR/VER base budget deletion	75,000
Risk management projects	50,000
Re-negotiating PFI contracts	200,000
Insurance premiums	325,000
Project appraisals	25,000
Accountancy support	45,000
VAT advice	10,000
Property review	562,000
Total	3,419,000