

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR COUNCIL SERVICES

4 January 2016

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

BUDGET MONITORING MONTH 7 2015-2016

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 £42m. As at month 7, the budget is showing a forecast overspend of £0.3m for the year. The position statement at month 7 is attached as Appendix 1.

2.2 Key variances

Transformation Division – projected underspend £0.278m

The main area of under-spend is on staff vacancies. There is also higher than expected income from Services-for-schools.

HR Division – projected underspend £0.419m

The under-spend is due to vacancy control. Additional income has also been received from Services-for-schools and the pension fund.

Industrial Development – projected overspend £0.839m

The main reasons for the overspend are the under recovery of forecasted income for industrial units and small business centres brought about by the economic downturn in 2008, and the additional costs arising from having to pay non-domestic rates liability payable on empty units.

There is also a provision for the write-off of approximately £200k of bad debts which mainly arose during the economic downturn and have little prospect of being recovered as all potential approaches have now been exhausted. Options for the future delivery of the service are being considered.

CRD Centrally held budgets – projected overspend £0.279m

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 realized. This is expected to happen in 2016-17.

Corporate Efficiencies – projected overspend £0.519m

These are the unallocated efficiency savings which have yet to be identified within Corporate budgets. An exercise is underway to allocate and capture savings across the department in 2016-17 to meet this target.

The projected overspend in 2015-16 will be met by a contribution from CRD reserves. The measures outlined above are expected to put the budget back into balance in 2016-17 without the need to rely on earmarked reserves.

2.3 Budget Reductions

Budget reductions totaling £4.2m have been allocated. The table showing performance against target is attached as Appendix 2.

The savings will be achieved by the end of the financial year apart from the following.

SSC Introduction of SAP E-recruitment to facilitate data flows & enhanced self-service £0.127m

There is a delay in project implementation

SSC Developing Business warehouse to provide management information £0.066m

There is a delay in setting up the Business warehouse team to develop this.

2.4 Reserves

Earmarked reserves totaling £50m are currently held to support future expenditure. The larger ones are listed below:

Details of all reserves are shown as appendix 3.

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 £8.916m

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

Change Management £6.211m

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

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.

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 Key Decision

No.

5 Background Papers

Files and reports held by the Director of Finance in room 151.

6 Call-in

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

No.

7 Officers' Recommendation

That the Cabinet Member notes the position on the 2014-15 Revenue Budget.

JUDITH GREENALGH
Strategic Director of
Corporate Resources

PETER HANDFORD
Director of Finance

APPENDIX 1

COUNCIL SERVICES PORTFOLIO BUDGET MONITORING 2015/16 OCTOBER 2015					
DIVISION	2015/16 CONTROLLABLE BUDGET	ACTUALS	REST OF YEAR FORECAST	2015/16 CONTROLLABLE FORECAST	CONTROLLABLE (UNDER)/ OVER
	£	£	£	£	£
CORPORATE FINANCE					
- Corporate Finance Division	2,884,414	2,861,940	-117,689	2,744,251	-140,163
- PFI/BSF Schemes	669,325	922,501	-279,513	642,988	-26,337
- Insurance	3,132,829	987,289	2,045,540	3,032,829	-100,000
- Revenue Contributions to Capital Outlay	0	0	0	0	0
- VR/CR scheme	93,952	0	0	0	-93,952
- SAP System Costs	1,114,152	892,093	113,645	1,005,738	-108,414
TRANSFORMATION SERVICES					
- Transformation Division	11,663,058	6,383,584	5,001,362	11,384,946	-278,112
- Change Management	376,104	118,983	201,989	320,972	-55,132
LEGAL AND DEMOCRATIC SERVICES					
- Legal Services Division	2,956,418	1,843,034	1,212,376	3,055,410	98,992
- Coroners	1,316,604	793,407	548,031	1,341,437	24,834
- Registrars	-162,971	-266,452	14,812	-251,641	-88,670
HUMAN RESOURCES					
H.R. Division	3,118,205	1,633,001	1,066,341	2,699,341	-418,864
SSC	986,997	172,027	758,674	930,700	-56,296
BUSINESS SUPPORT (Derbys business centre)	672,591	619,171	11,499	630,671	-41,920
COUNTY PROPERTY					
- County Property Division	4,006,111	2,333,935	1,649,019	3,982,954	-23,156
- Building Maintenance	5,648,545	1,318,093	4,330,452	5,648,545	0
- County Buildings	2,776,300	2,206,204	590,952	2,797,156	20,856
- Industrial Development	-1,877,555	-716,669	-321,754	-1,038,423	839,132
CRD CENTRALLY HELD BUDGETS	614,562	173,577	719,965	893,542	278,980
MEMBERS					
- Elections	8,948	26,620	0	26,620	17,672
- Democratic representation and management	1,361,771	740,779	560,875	1,301,654	-60,117
- Member community leadership	459,097	116,988	342,109	459,097	0
- Chairs fund	37,361	9,340	28,021	37,361	0
MISCELLANEOUS					
- Corporate Management	375,187	158,461	175,717	334,178	-41,009
- Unapportionable central overheads	42,545	952	383	1,335	-41,210
- Travellers	67,000	13,871	56,136	70,007	3,007
- Flood defence Levies	302,785	227,089	75,696	302,785	0
- Efficiencies	-519,048	0	0	0	519,048
- Police and Crime Panel	0	620	33	653	653
- Other	-154,974	108,525	-186,002	-77,477	77,497
TOTAL	41,970,312	23,678,962	18,598,668	42,277,630	307,318
	COSTS	INCOME			(SURPLUS) /DEFICIT
PROPERTY DSO	21,458,177	21,538,078			-79,901

APPENDIX 2**Budget Reductions**

	Budget Reduction	Achieved Amount	Not Achieved
	£	£	£
Internal audit partnership	100,000	100,000	0
Staffing-better SAP use	200,000	200,000	0
Risk management projects	25,000	25,000	0
RCCO-Budget deletion	42,000	42,000	0
VR/VER Base budget deletion	200,000	200,000	0
Change Management	475,000	475,000	0
ICT Supplies and services	200,000	200,000	0
Staffing/Income generation from registration	240,000	240,000	0
Carbon reduction fee	200,000	200,000	0
Carbon reduction staffing	25,400	25,400	0
Surveying/Asset management	320,000	320,000	0
Maintenance funding-mtce budget	1,310,000	1,310,000	0
Maintenance funding-staffing	180,000	180,000	0
Commissionaires	38,386	38,386	0
Property Restructuring-Leadership & Business Support	233,907	233,907	0
HRD HR Strategy budget	30,000	30,000	0
HR reduction in the reasonable adjustment fund for employees	30,000	30,000	0
HRD 15/16 & 16/17 WFR-reduction in capacity to support one-off interventions eg Single Status in schools	92,650	92,650	0
SSC E bulk on-line processing of DBS checks	43,184	43,184	0
SSC Introduce SAP E-Recruitment to facilitate data flows & enhanced self-service for managers	126,398		126,398
SSC Developing Business Warehouse to provide management information to managers	65,587		65,587
DBC Hybrid mail	35,868	35,868	0
Total	4,213,380	4,021,395	191,985

APPENDIX 3**Reserves**

	Balance at 31.10.2015
Computer Reserve Fund	2,917,509
Property IMP scheme	3,315,484
Property Package Reserve	1,955,463
Property DSO	4,301,678
CRD Reserve less IMP	8,915,671
Change Management	6,210,990
Insurance and Risk Management	17,524,393
Holmewood Business Park	202,680
VAT	95,000
PFI	1,822,132
BSF Wave 3	1,935,262
South Normanton Joint Service centre	90,000
Registrar's	165,000
Adult Care PFI	146,583
Total	49,597,844