

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR COUNCIL SERVICES

6 December 2018

**Report of the Strategic Director Commissioning, Communities and
Policy and the Director of Finance & ICT**

REVENUE BUDGET MONITORING MONTH 5 (August) 2018-2019

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 £44m. The latest budget monitoring projects an under-spend of £0.300m for the financial year.

The summary position as at month 5 is shown in the table below:

	Controllable Budget	Full year Forecast	Forecasted (under)/over Spend
	£m	£m	£m
Strategic Management	1.4	1.1	(0.3)
Finance & ICT	18.8	18.3	(0.5)
Legal Services	4.4	4.6	0.2
Human Resources	3.7	3.6	(0.1)
County Property	11.3	11.8	0.5
Members	2.5	2.5	0
Miscellaneous	1.4	1.3	(0.1)
Total	43.5	43.2	(0.3)

2.2 Key Variances

Legal Services Division - £0.306m overspend – there is an ongoing review to address issues relating to provision of the service, workload and allocated budget savings.

Industrial Development - £0.657m under-recovery of income - Whilst the occupancy of the 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.

Finance & ICT - £0.520m 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 - £0.203m underspend – This is mainly due to the non-filling of vacancies.

Strategic management - £0.305m underspend – Previous achievement of savings additional to those planned as part of the council's budget reduction programme. These savings will be reallocated to other pressures within the division.

2.3 Growth items

In 2018-19 the portfolio received the following permanent base budget increases to meet the following pressures:

Corporate Property Asset Valuations £0.280m

This was to ensure that the Council meets its statutory duties in ensuring its asset base is correctly recorded and maintained. A new team of 5 full time equivalent staff 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 projected to be achieved against the target are £1.159m, leaving a balance of £0.287m. This shortfall is being met by one-off funds allocated by Council in the 2018-19 budget (£0.143m), and underspends. In the longer term the shortfall will be caught up by savings currently scheduled for delivery in 2019-20.

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 with schools

In respect of the Council Services portfolio, in 2017-18 it generated £15.845m of income relating to charges to schools and academies.

Under achievement of budget savings.

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

2.6 Reserves

The Department's Earmarked Reserves total £75.4m 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.

Public

6 Officers' Recommendation

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

EMMA ALEXANDER

Strategic Director of
Commissioning, Communities
and Policy

PETER HANDFORD

Director of Finance & ICT

APPENDIX 1

Council Services Budget Savings 2018-19

SAVINGS	Planned £	Projected £	Balance remaining £
HR staffing	48,000	48,000	0
Legal Division staffing	100,000	0	100,000
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	1,259,000	1159,000	100,000
Balance remaining	187,000		187,000
Funded by			
One year growth	143,000		143,000
Underspends	44,000		144,000

APPENDIX 2

RESERVES	Balance as at 31.08.2018
Change Management	4,132,599
Computer Reserve Fund	4,922,738
Property Package Reserve	885,600
PFI/BSF	1,790,484
Property DSO	3,275,025
Insurance and Risk Management	20,426,628
Equal Pay	809,125
VAT	6,650
CRD Reserve	1,842,884
CRD Underspend	1,879,551
Demolition of buildings	523,196
Local Authorities Energy Programme	76,599
Business Rates Pool	1,470,674
Budget Management	8,843,376
Uninsured Financial loss	13,000,000
Communities Priorities Programme	729,000
Property IMP scheme	4,285,895
Planned Building Maintenance	6,516,858
Total	75,416,882