

Agenda Item No.3

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

7 March 2016

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

BUDGET MONITORING MONTH 9 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 9, the budget is showing a forecast overspend of £0.372m for the year, which will be met from CRD reserves. The position statement at month 9 is attached as Appendix 1.

2.2 Key variances

Transformation Division – projected underspend £0.274m

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

Corporate Finance Division – projected underspend £0.217m

The projected underspend is as a result of vacancy control.

HR Division – projected underspend £0.389m

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

Industrial Development – projected overspend £0.809m

The overspend is due to 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 arose mainly 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 £0.239m

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

£0.613m of earmarked reserves is to be transferred to the General Reserve. This leaves £50m in earmarked reserves which is 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 £8.919m

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 104.

6 Officers' Recommendation

That the Cabinet Member notes the position on the 2015-16 Revenue Budget.

JUDITH GREENALGH
Strategic Director
Corporate Resources

PETER HANDFORD
Director of Finance

APPENDIX 1

COUNCIL SERVICES PORTFOLIO BUDGET MONITORING 2015/16 DECEMBER 2015						
DIVISION	2015/16 CONTROLLABLE BUDGET	ACTUALS	REST OF YEAR FORECAST	2015/16 CONTROLLABLE FORECAST	CONTROLLABLE (UNDER)/ OVER	PREVIOUS PERIOD (UNDER)/ OVER Oct-15 £
	£	£	£	£	£	
CORPORATE FINANCE						
- Corporate Finance Division	2,879,354	4,045,125	-1,383,080	2,662,045	-217,309	-140,163
- PFVBSF Schemes	669,325	619,202	23,943	643,145	-26,180	-26,337
- Insurance	3,132,829	1,050,704	1,982,125	3,032,829	-100,000	-100,000
- Revenue Contributions to Capital Outlay	0	0	0	0	0	0
- VR/CR scheme	93,952	0	0	0	-93,952	-93,952
- SAP System Costs	1,114,152	908,295	98,584	1,006,879	-107,273	-108,414
TRANSFORMATION SERVICES						
- Transformation Division	11,650,967	8,323,408	3,053,774	11,377,182	-273,785	-278,112
- Change Management	376,104	146,309	190,687	336,996	-39,108	-55,132
LEGAL AND DEMOCRATIC SERVICES						
- Legal Services Division	2,888,184	2,252,335	659,653	2,911,988	23,804	98,992
- Coroners	1,316,604	1,033,179	296,782	1,329,961	13,358	24,834
- Registrars	-162,971	-258,609	-2,221	-260,830	-97,858	-88,670
HUMAN RESOURCES						0
H.R. Division	3,106,114	2,063,336	653,416	2,716,752	-389,362	-418,864
SSC	986,997	504,317	460,428	964,745	-22,252	-56,296
BUSINESS SUPPORT (Derbys business centre)	672,591	569,767	141,118	710,885	38,294	-41,920
COUNTY PROPERTY						
- County Property Division	4,230,399	3,036,757	1,187,648	4,224,405	-5,994	-23,156
- Building Maintenance	5,905,545	1,651,122	4,254,423	5,905,545	0	0
- County Buildings	2,798,580	2,066,085	810,950	2,877,035	78,455	20,856
- Industrial Development	-1,877,555	-952,790	-115,989	-1,068,780	808,775	839,132
CRD CENTRALLY HELD BUDGETS	613,164	299,168	553,140	852,308	239,144	278,980
MEMBERS						
- Elections	8,948	45,144	0	45,144	36,196	17,672
- Democratic representation and management	1,361,771	968,806	327,188	1,295,994	-65,777	-60,117
- Member community leadership	459,097	138,571	320,226	458,797	-300	0
- Chairs fund	37,361	9,340	28,021	37,361	0	0
MISCELLANEOUS						
- Corporate Management	375,187	197,892	128,870	326,762	-48,425	-41,009
- Unapportionable central overheads	42,545	1,844	631	2,475	-40,070	-41,210
- Travellers	67,000	13,871	56,086	69,957	2,957	3,007
- Flood defence Levies	302,785	302,785	0	302,785	0	0
- Efficiencies	-519,048	0	0	0	519,048	519,048
- Police and Crime Panel	0	2,086	50	2,136	2,136	653
- Other	-154,974	-138,444	81,211	-57,233	97,741	77,497
TOTAL	42,375,006	28,899,605	13,807,664	42,707,268	332,262	307,318
	COSTS	INCOME			(SURPLUS) /DEFICIT	
PROPERTY DSO	27,222,680	27,288,241			-65,561	-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 31.01.2016	Transfers to General reserve	Revised Balance
Computer Reserve Fund	2,917,509		2,917,509
Property IMP scheme	3,315,484		3,315,484
Property Package Reserve	1,955,463		1,955,463
Property DSO	4,301,678		4,301,678
CRD Reserve less IMP	8,918,994		8,918,994
Change Management	6,210,990		6,210,990
Insurance and Risk Management	17,524,393		17,524,393
Holmewood Business Park	202,680	-202,680	0
VAT	89,317	-80,000	9,317
PFI	1,822,132		1,822,132
BSF Wave 3	1,935,262		1,935,262
South Normanton Joint Service centre	90,000	-90,000	0
Registrar's	165,000	-150,000	15,000
Adult Care PFI	146,583		146,583
Equal Pay Legal Costs	124,000	-90,000	34,000
Demolition of buildings	1,000,000		1,000,000
Total	50,719,485	-612,680	50,106,805