

DERBYSHIRE COUNTY COUNCIL

CABINET

15 July 2014

Report of the Director of Finance

REVENUE OUTTURN 2013/14
(STRATEGIC POLICY AND BUDGET)

1 Purpose of the Report

To set out the final outturn position for 2013/14, identify significant variations from the revised estimate and identify commitments already agreed against the underspend, together with proposals for the further use of underspends. The allocations for the further use of underspends will be held in departmental earmarked reserves and will only be released to departments subject to final approval by the appropriate Cabinet member.

2 Information and Analysis

The budget was adjusted to reflect the approved carry forwards from 2013/14. In October 2013, Council approved changes to funding received since the approved budget in February 2013. It also agreed proposals for budget reductions, to balance the Council's budget, subject to further consideration of individual proposals by elected members.

The outturn position for each department is summarised below and in Appendix One.

ADULT CARE

There was an overspend of £6.910m. The main variations were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Purchased Services (All Client Groups). This covers the main client-based spend on both Independent Sector and In-House Services.	13.830	Combination of demographic pressure and cost of complex cases

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Accommodation and Support	(1.656)	Delay in newly commissioned services coming on-line and savings on re-commissioned services
Other Services	(0.695)	Additional one-off funding from the Primary Care Trusts for winter pressures.
Business Support	(2.343)	Holding vacancies and efficiency measures
Derbyshire Discretionary Fund*	(0.790)	There was limited data available from the Department for Work and Pensions to support service modelling prior to April 2013. The scheme therefore required an incremental/evolving approach to its implementation.
Unallocated Budgets	(1.352)	Budgets not allocated to service areas

*A request to create a new earmarked reserve from the unspent balance on the Derbyshire Discretionary Fund of £0.790m was approved by Cabinet on 2 June 2014.

Savings of £7.150m have been achieved which are:

Description	£m
Reduced spending on Agency Staff	0.040
Reduction in spend on Stairlift Maintenance	0.280
Consistent Application of the Resource Allocation System	1.551
Re-Modelling of Services for Low and Moderate Needs	1.250
Reduction in spend on Supported Living Schemes	0.125
Impact on Home Care of the Re-ablement Service	1.384
Reduced Consumables Spend	0.748
Re-commissioning of Learning Disabilities Day Services	0.626
Reduction in Training Offer	0.975
Savings on the Frozen Meals and Laundry Services	0.171
TOTAL	7.150

CHILDREN AND YOUNGER ADULTS

The position on the controllable expenditure was an overall overspend of £1.874m. The Department was allocated budget reductions of £7.725m for 2013/14 and the report to Cabinet in January 2013 stated that £4.284m would be met from underspends brought forward from the previous years. The outturn of £1.874m is before drawdown from previous years' underspend and

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therefore the department has overachieved against its savings target for 2013/14 by £2.410m. The main variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Catering Service	(1.257)	Increase in the recorded number of meals served and the income received resulting from this increase
Vacancy control	(0.889)	<ul style="list-style-type: none"> • Business Services – (0.345m) • Multi Agency Teams – (0.544m)

Of the budget reductions agreed for 2013/14, these have generally been achieved by maintaining services with lower spending levels on both staff and consumables.

COUNCIL SERVICES

There was an underspend of £1.946m on the controllable budget position. The main variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Corporate Finance	(0.283)	Vacancy control and an increase in the level of income from traded services
Transformation Service	(0.299)	Vacancy control
Human Resources	(0.364)	Vacancy control
County Property	(0.375)	<ul style="list-style-type: none"> • Reduction in the level of spend on agency and professional fees • Vacancy control
CRD Centrally held budgets	(0.602)	'Front loading' of budget reductions
SAP system costs	(0.741)	Phasing of programmed expenditure
Change Management	(0.209)	Delays in commencing new projects and timing of payments
Corporate Efficiencies	1.519	Unallocated efficiency savings which have yet to be identified
Building Schools for the Future	(0.176)	To meet the costs of the project in 2014/15
Schools Private Finance Initiative (PFI)	0.381	The phasing of income and expenditure on PFI schemes results in a mismatch on an annual basis which smoothed out through a transfer from earmarked reserves

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Voluntary Redundancy/ Compulsory Redundancy Scheme	(0.474)	During 2012/13 a decision was taken to meet the costs of any severance payments from the General Reserve which created an underspend on the budget.
Industrial Development	0.754	Under recovery of income for industrial units and small business units.
Registrars	(0.305)	Increase in income for various Registrars services.

Of the £1.945m underspend, previously approved commitments total £0.918m, which are:

Description	£m
SAP – multi- year scheme	0.741
Building Schools for the Future – Wave 3	0.177
TOTAL	0.918

For the remaining balance of £1.027m, approval is sought to retain a further £0.550m, which are:

Pressure	£m	Description
CRD Training	0.050	The Department has identified its training needs for the forthcoming year and the bid is needed to meet the shortfall on the base budget
Accommodation Project	0.050	To facilitate the various moves associated with the accommodation project to cover such items as removal expenses and new technology required
Time evaluation re-configuration	0.250	Enhancements to the SAP HR system to improve performance.
Packaging machine	0.200	Replacement of the current machine which has become obsolete

This leaves a balance of £0.477m to transfer to the General Reserve.

Whilst no request for funding is being made at present a report on Service Re-design of Corporate Functions will be brought to a future meeting. As part of this report an invest to save bid will be made to help deliver savings as part of this project.

It is also requested that the £0.381m overspend on the two PFI schemes is met from the earmarked reserve established for this purpose.

Savings of £1.849m have been achieved which are:

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Description	£m
Staffing	0.397
Building Maintenance	0.300
HR Strategy	0.098
Change Management	0.200
Software rationalisation	0.125
Telephony	0.100
Service Redesign/Income/Procurement	0.200
Professional Fees	0.020
Chairs fund	0.009
BSF team	0.050
RCCO	0.300
Registrar's income	0.050
TOTAL	1.849

ECONOMY TRANSPORT AND ENVIRONMENT

The position on the controllable expenditure was an overall underspend of £1.924m. The main variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Commercial Services	(0.470)	Underspends on vacancy control, contractor costs and over-recovery of income, off-set by an under recovery of recharges
Transport and Technical Policy	(0.935)	<ul style="list-style-type: none"> • Gold Card (0.204m) • B-Line (0.229m) • Vacancy control (0.240m) • Road Safety (0.082m)
Highways Maintenance	1.173	Winter maintenance i.e. regular gritting to prevent icy conditions.
Management and Business Support	(0.565)	Vacancy control and procurement savings.
Waste Management	(0.881)	<ul style="list-style-type: none"> • Lower than anticipated tonnages on all waste contracts (0.390m) • Over-recovery of income due to changes in the Waste Electrical and Electronic Equipment Regulations • Vacancy control, consultants, trade waste and equipment (0.232)
Economic Regeneration	(0.284)	Vacancy control and project spend less than anticipated.

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Of the total controllable underspend, previously approved commitments total £2.034m, which are:

Description	£m
Commuted Maintenance	0.539
Section 74 Income	0.095
Issued but uncompleted traffic management	0.091
Match funding Markham Vale Environment Centre	0.364
Markham Vale North – Seymour	0.060
Match funding Broadband Project Team	0.110
Organic Waste Collection Service – North East Derbyshire	0.068
Tour de France	0.400
Waste Strategy Review	0.005
Waterswallows Transfer Station	0.012
Smarter Travel	0.004
Overspend on Severe Weather Grant	0.286
TOTAL	2.034

This leaves a balance of £0.110m overspend for the year which will be funded from existing departmental reserves.

Savings of £5.000m have been achieved which are:

Description	£m
Highway Maintenance	2.900
Street Lighting	0.175
Staffing	0.298
Passenger Transport/Network/Robin Hood Line	0.250
Staff Mileage	0.026
Increased income Fleet/Waste	0.270
Waste – Reducing Landfill	0.641
Back Office	0.440
TOTAL	5.000

HEALTH AND COMMUNITIES

The position on the controllable expenditure was an overall underspend of £1.561m. Key variances were:

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Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Community Safety	(0.451)	Underspend on project budgets
Youth Offending	(0.145)	Vacancy control
Cultural and Communities	(0.886)	Vacancy control

Of the total controllable underspend of £1.561m, previously approved commitments total £0.269m. These are items of expenditure that have already received approval by either Cabinet or Cabinet Member.

Description	£m
Clean ups/Graffiti removal	0.019
Street Lighting	0.077
ASB Creative Educational Programme	0.011
Belper Drop in Centre/Safe Rave	0.014
Burglar Alarms for Victims project	0.005
Prevent Violent Extremism	0.020
Domestic Violence – Voluntary Perpetrator Programme	0.075
Substance misuse project	0.018
Heanor Library refurbishment	0.030
TOTAL	0.269

Of the balance of £1.292m, approval is sought to retain a further £0.725m, which are:

Pressure	£m	Description
Libraries	0.300	Upgrade of Broadband – 33 libraries have broadband speeds of under 2MB. This will facilitate a programme to upgrade and provide training support to Library Assistants to users
Mobile Libraries	0.425	Buy-out of 10 mobile library vehicle leases which were acquired through capital borrowing. Paying off the lease costs will realise savings more quickly.

This leaves a balance of £0.567m to be returned to the General Reserve.

Savings of £0.691m have been achieved which are:

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Description	£m
Self service in libraries	0.130
Mileage	0.002
Staffing	0.261
Relief hours	0.050
Review of mobile libraries	0.170
Materials	0.030
Postage	0.020
Supplies and Services	0.028
TOTAL	0.691

STRATEGIC POLICY AND BUDGET

Net controllable expenditure was £4.215m against a budget of £4.867m resulting in a controllable underspend of £0.652m. The main variations were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Communications	(0.486)	<ul style="list-style-type: none"> • Vacancy control • Reduction in expenditure on publications and campaigns
Policy	(0.134)	Vacancy control

Of the total controllable underspend, previously approved commitments total £0.056m, which are:

Description	£m
Review of Communications	0.038
Climate Change Project Officer	0.018
TOTAL	0.056

Of the balance of £0.596m, approval is sought to retain a further £0.050m which is:

Pressure	£m	Description
Innovation Programme	0.050	Project Support to the new post of Innovation Programme Manager.

This leaves a balance of £0.546m to be returned to the General Reserve.

Savings of £0.052m have been achieved which are:

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Description	£m
Publications/Publicity	0.037
Staffing	0.015
TOTAL	0.052

DEDICATED SCHOOLS GRANT (DSG)

The underspend on the central element of DSG was £6.726m. Key variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
High Needs Block	(4.404)	<ul style="list-style-type: none"> • Payments for high needs places and top-ups in schools • Top up payments in mainstream schools as a result of schools now having to contribute up to £6,000 each
Two year old provision	(3.214)	Funding allocated by the Government to fund the provision of free early years education to the most deprived 20% of two-year olds.
Post 16 Threshold Grant	1.499	Funding received from Government for those schools which have converted in-year to become academies. This funding is being held in anticipation of a claw back by Government.

School balances as at 31 March 2014 were £35.470m, an increase of £3.623m compared to the balance as at 31 March 2013.

Schools have been encouraged to hold separate earmarked reserves pending the impact of Single Status on school staff. As at 31 March 2013, the total reserve was £0.364m and this was released to schools during 2013/14 when Single Status was introduced.

PUBLIC HEALTH

From the 1 April 2013, the Council receives the ring-fenced Public Health Grant. It will give financial support for Council wide preventative programmes in order to minimize impacts on the health and wellbeing of local people. There was an underspend of £4.561m, the key areas of underspend being £2.157m arising from the transfer of functions, £0.624m on staffing vacancies, £0.630m on the Ageing Well budget and £0.369m on the Sexual Health budget.

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Of the total controllable underspend, previously approved commitments total £0.238m, which are:

Breastfeeding Peer Support	0.052
Heart of Derbyshire Healthy Eating campaign	0.028
Healthy Workplaces	0.046
Illicit Tobacco Enforcement Work	0.018
Affordable Warmth for Older People	0.094
TOTAL	0.238

The total underspend of £4.323m after the above commitments will be transferred to the newly created Public Health Resource Fund which was approved by Cabinet in December 2013.

SUMMARY

Most services achieved underspends, part of which related to planned activities not having been carried out so the commitment remains. Departments have additional flexibility regarding the use of previous year underspends which allows them to manage future budget reductions. In addition there were underspends on the Risk Management of £9.304m and debt charges budgets of £4.485m. Interest received on balances showed a break-even position.

Appendix One shows a summary of the controllable variances by service, together with proposal for the use of underspends.

The General Reserve stands at £43.075m in the Council's Pre-Audit Statement of Accounts as at 31 March 2014. However, departments have a number of commitments, outlined above and request for carry forward of balances which would have a significant reduction in that balance. In addition there are further calls upon the balance to meet demographic growth in Adult Care and general support for the budget in future years. The General Reserve projections are shown in the Five Year Plan report which appears as a separate item on the agenda.

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

Papers held in Technical Section, Corporate Finance.

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5 Key Decision

No

6 Is it necessary to waive the call-in period?

No

7 OFFICER'S RECOMMENDATIONS

That Cabinet:

- i. Note the departmental outturn positions for 2013/14
- ii. Note the position on general reserves
- iii. Notes the use of underspends to meet previously agreed commitments as listed in the report
- iv. Notes the details of requests for further use of underspends as final approval will be subject of further Cabinet Member reports

PETER HANDFORD

Director of Finance

2 July 2014

			(Under)/ Over Spend	Commitments	Further Request	Contribution To/(From) General Reserve	Contribution To/(From) Earmarked Reserve
	Budget £m	Actual £m	£m	£m	£m	£m	£m
Adult Care	209.079	215.989	6.910	0.790	0.000	(7.700)	0.000
Children and Younger Adults	107.746	109.620	1.874	0.000	0.000	0.000	(1.874)
Council Services	50.147	48.201	(1.946)	0.918	0.550	0.858	(0.381)
Economy Transport and Environment	88.911	86.987	(1.924)	2.034	0.000	0.000	(0.110)
Health and Communities	17.793	16.232	(1.561)	0.269	0.725	0.567	0.000
Strategic Policy and Budget	4.867	4.215	(0.652)	0.056	0.050	0.546	0.000
DEPARTMENTAL TOTAL	478.543	481.244	2.701	4.067	1.325	(5.729)	(2.365)