

Agenda Item No 6(b)

DERBYSHIRE COUNTY COUNCIL

CABINET

5 October 2017

Report of the Director of Finance & ICT

BUDGET MONITORING 2017-18 (as at 30 June 2017)
 (STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

1 Purpose of the Report

To provide Cabinet with the Revenue Budget position for 2017-18 as at 30 June 2017.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolios as at 30 June 2017. In addition to this report, further reports will also be considered at Cabinet Member meetings, Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations. There are overspends on the Young People, Economic Development and Regeneration, and Highways, Transport and Infrastructure portfolios. However, Young People will use the £2.154m balance of previous year underspends to off-set their overspend. The General Reserve will be used to meet the overspend on local bus services. This will reduce the overspend for the Highways, Transport and Infrastructure portfolio to £0.713m. The projected outturn compared to controllable budget is summarised below. This includes the use of one-off funding for the Highways, Transport and Infrastructure and Young People portfolios.

	Budget £m	Forecast Actuals £m	Projected Outturn £m
Adult Care	230.813	227.971	(2.842)
Council Services	44.557	44.413	(0.144)
Economic Development and Regeneration	1.413	1.571	0.158
Health and Communities (exc. Public Health)	3.619	3.444	(0.175)
Highways, Transport and Infrastructure	78.039	78.752	0.713
Strategic Leadership, Culture and Tourism	14.196	14.079	(0.117)
Young People	98.475	101.361	2.886
Total Departmental Outturn			0.479
Interest Income			0.00
Debt Charges and Risk Management			(7.250)
Total			(6.771)

A summary of the individual portfolio positions is detailed below.

Adult Care

There is a projected year-end underspend of £2.842m (assuming that the £12.9m Improved Better Care Fund (iBCF) balance will be fully spent within the year). Further details are set out below.

Commissioning and Performance (£4.037m underspend) - which includes an increased budget of £0.468m in Integrated Community Equipment Services (ICES).

Strategic Director (1.956m underspend) - savings of £0.794m in respect of ICES and £0.522m from previously planned Voluntary Organisation savings from the iBCF.

Purchased Services (£3.211 overspend):-

Homes for Older People (HOPS)	£2.119m overspend
Residential	£0.603m overspend
Independent Domiciliary Services	£0.705m underspend
Day Care	£0.296m overspend
Co-Funding	£0.198m underspend
Continuing Health Care (CHC)	£0.237m underspend

The Budget Savings target is £14.795m of which a potential £13.846m have been identified and £11.646m have already been achieved.

Council Services

The budget is forecast to underspend by £0.144m. The main variances are:

Industrial Development (£0.613m overspend) – under achievement of income target due to the number of empty units. This also results in the Council having to pay Non-Domestic Rates liability payable on empty units.

Human Resources (HR) Division (£0.210m underspend) - the key variance relates to vacancy control.

Corporate Finance and Information Technology (IT) Division (£0.515m underspend) – this is mainly due to vacancy controls and higher than anticipated levels of income from trading with schools have also contributed.

To date savings totalling £2.905m have been identified against a target of £3.015m for this financial year.

Economic Development and Regeneration

There is a projected year-end overspend of £0.158m, mainly due to Markham Vale Enterprise Growth Zone which has a predicted overspend of £0.145m due to the additional staffing required for projects.

Health and Communities

The 2017-18 controllable net budget for the Health and Communities portfolio is approximately £3.619m. This includes the ring-fenced Public Health budget worth £41.618m which is fully funded by the ring-fenced Public Health Grant for 2017-18. The forecast year-end position for the portfolio is an underspend of £0.387m, an underspend of £0.175m excluding Public Health. The main variances are:

Public Health (£0.212m underspend) – a large proportion of the underspend continues to be generated from activity-based contracts which are not achieving anticipated levels of service. The underspend at year-end will be transferred into the Public Health Reserve and will help to meet the costs associated with Public Health's staffing restructure to support investment in a comprehensive programme of sports and physical activity grants.

Community Safety (£0.141m underspend) - mainly due to staff vacancies and an underspend on Community Safety projects.

A budget savings target of £0.331m has been allocated for 2017-18, of which £0.262m will be achieved.

Highways, Transport and Infrastructure

There is a projected year-end overspend of £3.305m which will reduce to £0.713m after the previously approved release of funding from the General Reserves in respect of support to local bus services. The key variances are:

Highway Maintenance (£1.174m overspend) – winter maintenance is currently projected to overspend by £1.000m due to the expected level of activity during the year. There has been a delay in the implementation of the street lighting LED contract. On 13 September 2017 Full Council approved the reversal of a £1.500m budget saving which will enable a programme of improvement works to take place.

Public and Community Transport (£2.531m overspend) - £2.592m of the overspend relates to local bus services for which a £2.821m commitment from General Reserve remains available following previous Cabinet approvals for £4.750m support over the period 2016-18.

Planning and Development (£0.499m underspend) - mainly due to over recovery of developers fee income.

Unallocated Budget Savings (£1.267m overspend) –not yet allocated to specific services.

A savings target of £5.729m has been allocated for the year, of which £2.852m will be achieved.

Strategic Leadership, Culture and Tourism

Budget monitoring currently shows an underspend of £0.117m, however, it is anticipated that additional costs will help to reduce this further by the year-end.

Chief Executive's (£0.363m underspend) – this relates to the early achievement of savings in 2014-15 which is being used to provide capacity for essential Council priorities including Communication and Policy, and to manage the budget cuts within the Chief Executive's Office. The underspend is likely to decrease by the year-end.

Libraries (£0.398m overspend) – mainly due to unachieved savings, although Full Council have agreed support from one-off funding in 2017-18.

Budget reductions totalling £0.197m have been allocated to the Chief Executive's Office budgets in 2017-18, although it has been agreed to defer these budget savings in 2019-20. Helpfully, however, £0.197m cuts have been achieved against the in-year target. A savings target of £0.757m has been allocated to Libraries and Heritage for 2017-18 of which £0.286m will be achieved.

Young People

The current forecast year-end position for Children's Services expenditure is an overspend of £5.040m (after adjustment for a further £0.800m drawn from the troubled families reserve in August). The residual Children's Services prior year underspend held in an Earmarked Reserve will contribute £2.154m towards the overspend. The main variances are:

Finance/HR/Information and Communication Technology (ICT)/Business Services (£0.476m underspend) - due to vacancies being held where possible.

Allocations from Grants (£0.449m overspend) - the overspend is due to a shortfall in the re-pooling of contributions from schools and academies towards the Early Help offer.

Child Protection (£0.183m overspend) – due to increases in the number of children with a child protection plan and the number of referrals of children.

Early Help & Safeguarding (£7.070m overspend) – due to increases in numbers requiring the statutory service and increased use of agency staff due to high staff turnover. This overspend is net of underspends of £1.258m across multi-agency team workers, children's centre staff and youth workers where vacancies are unfilled.

Advisory Service (£1.163m overspend) – due to the service moving towards being funded from government grant and traded income. This overspend is

being covered by an Earmarked Reserve and use of that reserve has already been reflected in the department's projected total overspend of £5.040m.

Capital Adjustment (£0.671m underspend) – from full reconciliation of capital allocations to projects.

Budget reductions of £0.878m are still to be identified against a target of £9.656m.

Summary

An overall underspend of £2.025m is forecast, however after use of Earmarked Reserves to partly fund Young People and the use of General Reserve to support local bus services the underspend will be £6.771m. Any underspends in 2017-18 will be used to manage the budget in 2018-19.

The Risk Management Budget has an underspend of £7.250m, however, the balance will support the management of a balanced budget in future years.

Since the original budget was approved by Full Council in February 2017, the Government has provided further details of general grant funding to local authorities which were not available at the time of the Finance Settlement. Details were reported to Cabinet on 20 July 2017 as part of the Period Budget 2017-18 Report. These changes are managed through the Risk Management Budget. This results in a forecast underspend of £7.250m. This resource will be used to help manage the budget in future years, details of which were set out in the Five Year Financial Plan Report considered by Cabinet on 20 July 2017.

Interest on balances is estimated to break even by the year-end. Whilst the interest base rate remains at 0.25%, the Council utilises a range of investments to maximise its income.

Details of the Council's Earmarked Reserves are set out in Appendix One. The recent review of the reserves' balances will be reported to Cabinet on 26 October 2017.

3 Financial Considerations

As set out above.

4 Human Resources Considerations

5 Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

6 Background Papers

Papers held in Technical Section, Corporate Finance, Rooms 137-8.

7 Key Decision

No.

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

No.

9 Officer's Recommendation

That Cabinet notes the 2017-18 budget monitoring position as at 30 June 2017.

PETER HANDFORD

Director of Finance & ICT

	£m
Adult Care	
Adult Care Replacement ICT System	0.250
Adult Care Budget Cut Shortfall	4.567
Adult Care Budget Cut Pump Priming	0.771
Total Adult Social Care	5.588
Council Services	
Computer Reserve Fund	4.555
Property IMP scheme	3.933
Property Direct Service Organisation (DSO)	3.359
Corporate Resources Department (CRD) Reserve	11.886
Change Management	5.553
Insurance and Risk Management	19.953
Budget Management	7.004
Uninsured Financial loss	13.000
Business Rates Pool	2.260
Other reserves	7.716
Total Council Services	79.219
Economic Development and Regeneration	
D2 Growth Fund	0.200
Skills Training	0.101
Markham Vale Environment Centre Extension	0.114
D2EE Low Carbon Project	0.161
Approach to Countrywide External Funding	0.171
D2 Business Development	0.143
Other reserves	0.244
Total Economic Development and Regeneration	1.134
Health and Communities	
Derbyshire Sports	1.233
Public Health s256 /Externally Funded Reserve	0.230
Other reserves	0.294
Total Health and Communities	1.757
Highways, Transport and Infrastructure	
Road Safety Public Service Agreement (PSA)	1.634
IT Reserve	1.016
Direct Labour Organisation (DLO) Reserve Highways	0.973
Derby and Derbyshire Road Safety Partnerships Reserve	0.807
Winter Maintenance	2.000
Waste, Performance and Efficiency Grant (WPEG) 2006-07	0.802
Broadband	6.121
Waste Electrical and Electronic Equipment (WEEE) Grant	0.261
Waste Recycling Initiatives	0.391
Environmental underspends	3.986
Other reserves	1.810
Total Highways, Transport and Infrastructure	19.801

Strategic Leadership, Culture and Tourism	£m
Derwent Valley Mills World Heritage Site	0.178
Derbyshire Challenge Fund	0.870
Digital Exclusion	0.101
Innovations and Transformation	0.330
Policy and Research	0.582
Public Service Agreement (PSA)1 Reward Grant	0.175
Upgrade of Broadband in Libraries	0.255
Strategic Policy Budget commitments	1.059
Culture and Community Service (CACS) underspend	0.240
Other reserves	0.612
Total Strategic Leadership, Culture and Tourism	4.402
Young People	
Prior year underspend	6.266
Tackling Troubled Families	2.887
Capital two year old provision	2.493
Complex Injury	0.929
Primary Teachers' Pooled Premium Reserve	0.688
Children and Younger Adults (CAYA) Earmarked Reserve	0.579
Foster Carers Adaptations	0.415
Other reserves	1.707
Total Children's Services	15.964
Total Earmarked Reserves	127.865
Public Health Grant	6.361
Balances held for and on behalf of schools	
School Balances	35.434
Dedicated Schools Grant (DSG)	7.591
Total balances held for and on behalf of schools	43.025