

Agenda Item No 7(c)

DERBYSHIRE COUNTY COUNCIL

CABINET

21 October 2014

Report of the Director of Finance

BUDGET MONITORING 2014/15
(STRATEGIC POLICY & BUDGET)

1 Purpose of the Report

To provide Cabinet with an update of the latest budget monitoring position.

To provide Cabinet with an update of achieved savings during the year against the target savings of £29.885m laid out in the Revenue Budget Report in January 2014.

2 Information and Analysis

The Council's three largest service areas Adult Care, Children & Younger Adults, and Economy, Transport and Environment all show base budget overspends. However, both Children and Younger Adults and Economy, Transport and Environment will be able to balance their budget in year by using earmarked reserves.

The report summarises the controllable budget position by department. Reports will also be considered at Audit Committee and Council. Monitoring reflects the position as at 30 June 2014, however officers have provided additional updates to the Director of Finance to take the position to the 31 July 2014. Where departments have asked for carry forward of budget from underspends arising in 2013-14, final approval from the appropriate Cabinet Member is required.

Adult Care

The Revenue Budget Monitoring Statement prepared at period 3 indicated that there was a projected year-end overspend of £13.857m as there continues to be demand for services, with the main areas of overspend relating to Fieldwork and Direct Care.

The projected year-end overspend of £13.857m does not take into account the additional actions (Increase to client's co-funding Contributions, Increase FACS to Substantial and Consistent Application of the Resource Allocation

System) that are to be taken arising from recent cabinet approvals. Following these actions it is estimated that the base budget overspend will be reduced to £8.482m. In addition, consideration of the Provisional Five Year Plan Report by Cabinet in July led to a further £4m allocation, from the General Reserve, as a one-off measure to help offset the departments demographic growth pressures.

Children and Younger Adults

The forecast year end base budget position for CAYA is an overspend of £3.467m. The main reason for the overspend is due to the slippage in the timetable of actions to achieve departmental budget reductions. However, CAYA have set aside previous years underspends in an earmarked reserve to help manage any such slippage in achievement of savings. Therefore the outturn will show a balanced position.

Jobs, Economy and Transport

The portfolio is currently projecting an overspend of £0.934m at the year end. The overspend is in the main relating to Winter Maintenance costs which will be met from the Winter Maintenance Reserve.

Strategic Policy and Budget

The portfolio is currently anticipating an underspend of £0.510m, which is primarily in relation to staffing within Call Derbyshire.

Council Services

The controllable budget for the Council Services portfolio is approximately £44m. As at month 3, the budget is showing a forecast underspend of £0.411m for the year. This is largely due to vacancy control in Corporate Finance, HR Development, Transformation and Business Support (£0.179m, £0.434m, £0.210m and £0.386m), additional income for Registrars fees and charges (£0.315m), offset by overspends in the under recovery of income on industrial development and South Normanton Joint Service Centre and unallocated efficiency savings.

Health and Community Safety

The forecast year-end position for Health and Community Safety is an underspend of £3.647m; £3.431m of this is in relation to the Public Health function. Underspends on Public Health are retained in an earmarked reserve, meaning that the forecast, excluding the ring-fenced Public Health grant is an underspend of £0.217m. In the main the underspends relate to vacancy control in libraries and heritage, and community safety.

Summary

The total departmental position is shown in the table below. The departmental position shows an overall base budget overspend of £11.745m, which is summarised in the table below.

	Base Budget (Under)/Over Spend	Outturn (Under)/Over Spend
	£m	£m
Adult Care	8.482	4.482
CAYA	3.467	0.000
Jobs, Economy and Transport	0.934	0.000
Strategic Policy and Budget	(0.510)	(0.510)
Council Services	(0.411)	(0.411)
Health and Community	(0.217)	(0.217)
Total Departmental Spending	11.745	3.344

As mentioned, the departmental overspend will be supported by the use of one-off funding from General and Earmarked Reserves. This will reduce the in-year departmental overspend from £11.745m to £3.344m.

The Council also operates budgets for the purpose of serving all portfolio areas. These are for Risk Management and Debt Charges.

A sum of £4.4m from the Risk Management budget has been set aside for the cost associated with the recent decision to increase Care Homes Fees. Since the original budget was approved by Council in February, Government has issued further general grant funding to local authorities in addition to that included in the Finance Settlement. This is one-off funding and will result in a larger than anticipated underspend on the Risk Management budget. Details of the additional funding is as follows:

- £0.604m Adoption Reform Grant
- £0.552m Additional Special Educational Needs Disability Implementation Grant
- £1.109m Additional Business Rates Compensation Grant

Details of the final New Homes Bonus allocations were not announced until after the Final Settlement. The final allocation for the Council was £0.008m less than that announced in the Provisional Finance Settlement, which has been managed through the Risk Management Budget.

As at Month 3, the Risk Management Budget and debt charges budgets are forecast to underspend by a total of £9m. Underspends on the Risk Management and Debt Charges budgets will help to mitigate departmental overspends, with any net Council underspend being returned to the General Reserve at year-end in accordance with the General Reserve planning required as part of risk mitigation in the Provisional Five Year Plan agreed by Cabinet in July. Without this planned underspend, the ability to mitigate and smooth future years budget reductions would be compromised.

The 'Report to those Charged with Governance 2013/14' presented to Audit Committee on the 2 September recommended that budget monitoring reports should include details of performance against budget reduction targets. Therefore, future budget monitoring reports, including the summary report to Cabinet and those reported to the Cabinet Member, will include these details together with information in respect of outstanding balances on all of the Council's Earmarked Reserves. A template of the format is shown in Appendix One.

3 Financial Considerations

As set out above.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered - legal and human rights, human resources, equality of opportunity, health, environmental, transport, property and prevention of crime and disorder considerations.

5 Background Papers

Papers held in Technical Section, Corporate Finance.

6 Key Decision

No.

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

No.

8 Officer's Recommendations

That Cabinet:

- (i) notes the 2014/15 budget monitoring position as at 30 June 2014
- (ii) notes the format of future budget monitoring reports as shown at Appendix One.

PETER HANDFORD

Director of Finance

6 September 2014

APPENDIX ONE

2014/15 REVENUE BUDGET MONITORING PORTFOLIO XXX – PERIOD X

1 Purpose of the Report

To provide the Cabinet Member with an update of the Revenue Budget position for 2014-15 up to the end of XXX (period X).

2 Information and Analysis

The Revenue Budget Monitoring Statement prepared at period X indicated that there was a projected year end overspend of £X.XXXm. The significant areas which make up this projection are shown in the table below:

	Controllable Budget £m	Actuals £m	Projected Outturn £m
Item 1 – Narrative to support this item	X.XXX	X.XXX	X.XXX
Item 2 – Narrative to support this item	X.XXX	X.XXX	X.XXX
Other minor balances	X.XXX	X.XXX	X.XXX
Total	X.XXX	X.XXX	X.XXX

Budget reductions totalling £XX.XXXm were allocated for the year. It is anticipated that £XX.XXXm of these will have been achieved by the year end. The table below shows performance against the target.

	Budget Reduction Amount £m	Achieved Amount £m	Not Achieved £m
Savings Target 1 – Brief narrative, reason for non-achievement.	X.XXX	X.XXX	X.XXX
Savings Target 2 – Brief narrative, reason for non-achievement.	X.XXX	X.XXX	X.XXX
Savings Target 3 – Brief narrative, reason for non-achievement.	X.XXX	X.XXX	X.XXX
Total	X.XXX	X.XXX	X.XXX

APPENDIX ONE

Earmarked reserves totalling £X.XXXm are currently held to support future expenditure. Details of these reserves are shown below:

	Amount £m
Reserve 1 – Narrative to support this reserve	x.xxx
Reserve 2 – Narrative to support this reserve	x.xxx
Reserve 3 – Narrative to support this reserve	x.xxx
Total Earmarked Reserves	X.XXX