

Agenda Item No 7(a)

DERBYSHIRE COUNTY COUNCIL

CABINET

24 November 2015

Report of the Director of Finance

BUDGET MONITORING 2015-16 (as at 31 August 2015)
 (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

1 Purpose of the Report

To provide Cabinet with the Revenue Budget position for 2015-16 as at 31 August 2015.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolios as at 31 August 2015. 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. Where departments have asked for carry forward of budget from 2014-15, it requires final approval from the appropriate Cabinet Member.

The Council's three largest portfolios, Adult Social Care, Children's Services and Highways, Transport and Infrastructure all indicate possible year-end overspends. However, the latter two portfolios will use earmarked reserves to record a break-even position. The projected outturn compared to controllable budget is summarised below:

	Budget £m	Actuals £m	Projected Outturn £m
Adult Social Care	203.261	209.015	5.754
Children's Services	105.572	108.960	3.388
Council Services	42.362	43.040	0.678
Health and Communities (exc. Public Health)	13.849	13.998	0.149
Highways, Transport and Infrastructure	79.686	80.926	1.241
Strategic Policy, Economic Devt. and Budget	7.945	7.195	-0.749
Total Departmental Outturn	452.675	463.134	10.461
Debt Charges and Risk Management			-16.120
Total			-5.659

A summary of the individual portfolio positions is detailed below.

Adult Social Care

There is a projected year-end overspend of £5.754m, an improvement of £1.6m compared to the position as at 30 June 2015. In the main overspends relate to fieldwork and direct care, in particular Homes for Older People and Residential Learning Disability.

Budget cuts totalling £24.216m have been allocated for the year, with a brought forward figure from 2014-15 of (£0.265m) to give a target of £23.952m. It is anticipated that £22.025m will have been achieved by the year-end.

Children's Services

The forecast year-end position is for an overspend of £3.888m, an improvement of £1.337m compared to the last reported position. The improved position is largely as a result of lower projected use of in-year adaptations budget for foster carers, increased trading income for the Advisory Service, increased surplus projected for the Catering Service and reductions in estimates due to the postponement of filling vacancies in a number of services. The main areas of overspend are:

Agency Residential (£1.946m overspend) - the number of children in residential care is higher than anticipated, the number has increased by 10 since June.

Special Guardianship (£0.598m overspend) - increase in the number of arrangements.

Disabled Children's Resources (£1.017m overspend) - expenditure has not reduced in line with the budget reductions agreed for the service.

Early Help to Safeguarding Localities (£0.905m overspend) - largely due to the overspends in agency fostering, social work teams, part-year saving on the management restructure when a full year saving was deducted in the budget setting process, off-set by underspends on internal fostering, multi-agency teams, children's centres and youth service.

Council Services

The current forecast is for an overspend of £0.678m. The main variances are:

HR Division (£0.265m underspend) - in the main, this is due to vacancy control.

Industrial Development (£0.637m overspend) - under recovery of forecast income for industrial units and small business centres due to the current

economic climate and the additional costs of business rates liability payable on empty properties.

Budget Cuts (£0.519m overspend) - cuts which have yet to be identified within corporate budgets.

Budget cuts totalling £4.213m were allocated and £4.021m has been achieved.

Health and Communities

The Portfolio is currently projecting an underspend for the year of £2.932m, of which £3.081m relates to the Public Health function. This includes the effect of an in-year cut in the Ring-Fenced Public Health Grant. Subject to consultation the Department of Health's preferred option is to reduce every local authority's 2015-16 allocation by a flat rate percentage of 6.2% in order to achieve a total cut in England worth £200m. The impact for the Council is a reduction of £2.524m. This leaves a projected overspend for the remaining portfolio of £0.149m. This includes:

Libraries and Heritage (£0.293m overspend) - additional revenue costs associated with the extension to the Derbyshire Record Office and unallocated budget cuts.

Budget cuts totalling £1.291m were allocated for the year. It is anticipated that £1.191m of these will have been achieved by the year-end.

Highways, Transport and Infrastructure

A year-end overspend of £1.241m is currently forecast. The main variances are:

Highways Maintenance (£1.539m overspend) - the main area of overspend relates to winter maintenance which is expected to overspend by £1.341m.

Waste Management (£0.940m underspend) – a substantial element of this underspend is as a result of the 2015-16 one-off landfill diversion saving, negotiated with the Council's long term work contractor (£0.704m).

Unallocated budget (£1.465m overspend) – this relates to staffing budget cuts, which have not yet been allocated to specific sections, and is therefore currently showing as an overspend. It will be allocated before the year end.

Budget cuts totalling £5.099m were allocated for the year. It is anticipated that £4.039m of these will have been achieved by the year-end.

Strategic Policy, Economic Development and Budget

A year-end underspend of £0.759m is projected, which includes:

Communications (£0.325m underspend) - staffing within Call Derbyshire and Communications due to vacancy control. The underspend will reduce in 2016-17 due to full year costs of newly recruited staff.

Chief Executive's (£0.275m underspend) - front loading of budget cuts which will be used to meet cuts targets in future years.

Budget reductions of £0.496m were allocated and £0.496m has been achieved.

Summary

The projected overspends in Children's Services and, Highways, Transport and Infrastructure will be financed by one-off funding currently held in Earmarked Reserves.

Since the original budget was approved by Council in February, the Government has issued further general grant funding to local authorities in addition to that included in the Finance Settlement. This relates to adjustments to the decision to cap business rates and ensures local authorities are compensated accordingly. The Risk Management Budget is forecast to underspend by approximately £12m. The Council has a planned use of the Risk Management budget over the medium term to support demographic growth in Adult Social Care.

The debt charges budget is projected to underspend by £4m as a result of the slowdown in the Capital Programme. Interest on balances is estimated to break-even.

An overall underspend of £5.659m is forecast.

Details of the Council's outstanding Earmarked Reserves as at 31 August 2015 are shown in Appendix One. The Council's Reserves Policy states that reserves are reviewed at least annually. A review of Earmarked Reserves is currently taking place and will be reported to Cabinet alongside details of the Council's General Reserves projections in January 2016.

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, equality of opportunity, health, environmental, transport, property and crime and disorder considerations.

5 Background Papers

Papers held in Technical Section, Corporate Finance, Room 137.

6 **Key Decision?**

No

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

No

8 **Officer's Recommendation**

That Cabinet notes the 2015-16 budget monitoring position as at 31 August 2015.

PETER HANDFORD

Director of Finance

Details of Earmarked Reserves held at 31 August 2015

	Amount £m
Adult Social Care	
Care Home – Backdated Fees	1.275
Adult Care Replacement ICT System	0.250
Total Adult Social Care	<u>1.525</u>
Children’s Services	
Prior Year underspend*	7.733
Single Children’s System	1.353
Support & Aspiration project	1.009
Capital two year old provision	2.563
Tackling Troubled Families	4.008
Other Reserves (balance less than £1m)	5.108
Total Children’s Services	<u>21.774</u>
Council Services	
Computer Reserve Fund	2.918
Property IMP scheme	3.315
Property Package Reserve	1.955
Property Direct Service Organisation	4.301
Corporate Resources Department Reserve	8.976
Change Management	6.272
Insurance and Risk Management	17.524
Holmewood Business Park	0.203
VAT	0.095
Private Finance Initiative	1.822
Building Schools for the Future Wave 3	1.935
South Normanton Joint Service Centre	0.090
Registrars	0.165
Adult Care Private Finance Initiative	0.147
Total Council Services	<u>49.719</u>
Highways, Transport and Infrastructure	
Grants (including £1.9m Road Safety PSA II)	2.087
Committed Liabilities – Revenue	2.620
Committed Liabilities – Capital	14.503
Winter Maintenance	2.000
Partnership and other local authorities money held by Derbyshire County Council	0.224
Derwent Valley Mills World Heritage Site	0.162
Laboratory and Fleet Equipment	0.151
Waste Recycling Initiatives	0.391
Non-committed reserves including previous years’ underspends	2.922
Total Highways, Transport and Infrastructure	<u>25.060</u>

APENDIX ONE

	Amount £m
Strategic Policy, Economic Development and Budget	
Troubled Families Initiative	0.213
Literacy	0.117
Fostering Publicity	0.014
Performance Management	0.050
Innovation Programme Support	0.050
Equal Pay	15.308
Derbyshire Challenge Fund	2.590
Invest to Save	0.075
Call Derbyshire – Speech recognition	0.170
Gov Delivery	0.050
Derbyshire Economic Partnership Committed Liability - Revenue	0.016
Buxton Crescent Legal Fees	0.050
Apprenticeship Scheme Committed Liability - Revenue	0.226
Markham Vale Seymour Impact Assessment Committed Liability - Revenue	0.100
Markham Vale Centre Extension Committed Liability - Revenue	0.280
Food & Drink Fair General Uncommitted Reserves	0.022
D2N2 – Demand Stimulation	0.100
Other reserves	0.029
Total Strategic Policy, Economic Development and Budget	19.460
Health and Communities	
Public Health Resource Fund	5.420
Public Health/Externally Funded Programmes	0.573
Other Reserves	1.390
Total Health and Communities	7.383
Total Earmarked Reserves	124.921
Balances held for and on behalf of schools	
School Balances	38.725
Dedicated Schools Grant – Central Element	13.451
Capital Maintenance	1.050
	53.226