

PUBLIC

Agenda Item 7(b)

DERBYSHIRE COUNTY COUNCIL

CABINET

24 March 2015

Report of the Director of Finance

BUDGET MONITORING 2014-15 (as at 31 December 2014)
(STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

1 Purpose of Report

To provide Cabinet with details of the Revenue Budget position for 2014-15 as at 31 December 2014.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member portfolios as at 31 December 2014. 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, agreed by Audit Committee, and Financial Regulations. Where departments have asked for carry forward of budget from 2013-14, it requires final approval from the appropriate Cabinet Member and is held in an earmarked reserve pending that approval.

The Council's Adult Social Care and Highways, Transport and Infrastructure portfolios both indicate a possible year-end overspend position. The overall departmental overspend shows an improvement on that reported in the previous Cabinet report on budget monitoring as at the end of October 2014 where the overall departmental overspend was projected to be £6.774m. This is largely as a result of recent measures undertaken by Adult Care and Children and Young People portfolios improving their position.

The projected outturn is summarised below.

	Controllable Budget	Actuals	Projected Outturn
	£m	£m	£m
Adult Social Care (ASC)	211.321	213.664	2.343
Children and Young People (CAYP)	109.901	109.714	-0.187
Highways, Transport and Infrastructure (HTI)	81.375	82.343	0.968
Strategic Policy, Economic Development and Budget (SPEDB)	6.894	5.965	-0.929
Council Services (CS)	45.527	44.723	-0.804
Health and Communities (HAC)	13.252	12.932	-0.320
Total Department	468.270	469.341	1.071

The above table excludes Public Health which is forecast to underspend by £5.106m. the whole of the underspend will be placed in an earmarked reserve (Public Health Resource Fund) at the year end and used to support wider public health programmes across the Council in 2015-16.

Budget Cuts

Budget cuts totalling £31.203m were allocated for the year. It is anticipated that £26.481m of these will have been achieved by the year-end before any additional support is received from the Public Health Resource Fund. An additional £3.705m has been identified from the Fund which can be used to support some service areas. The table below shows budget cuts performance for the year.

	Budget Cuts £m	Public Health Funding £m	Revised Budget Cuts £m	Forecast Achievement £m	Under/ Over (-) Achieved £m
ASC	13.631	1.891	11.740	13.452	-1.712
CAYP	6.033	1.115	4.918	3.169	1.749
HTI	7.259	0.136	7.123	5.502	1.621
SPEDB	0.254	0.000	0.254	0.497	-0.243
CS	2.738	0.000	2.738	2.738	0.000
HAC	1.288	0.563	0.725	1.123	-0.398
Total	31.203	3.705	27.498	26.481	1.017

Adult Social Care

The current monitoring report indicates a projected year-end overspend of £2.343m. This is an improvement of £3.042m when compared to the position reported as at 31 October 2014. The overspend takes account of additional £4m one-off funding from General Reserves and the transfer to Public Health of responsibility for £1.944m of Housing Related Support and Grants to Voluntary Organisations.

The overspend, in the main, relates to Homes for Older People (£2.356m) and Residential Learning Disability (£1.945m).

Budget cuts totalling £11.945m were allocated for the year, with a brought forward figure from 2013-14 of £1.686m to give an overall target of £13.631m. It is anticipated that £11.561m will have been achieved by the year-end, with a further £1.891m met by Public Health funding.

Adult Social Care holds Earmarked Reserves of £9.040m as at 31 December 2014. Details of the use that will be made of these reserves were reported to Cabinet on 3 March 2015.

Children and Young People

The forecast year-end position is for an underspend of £0.187m, an improvement of £2.075m on the position reported as at 31 October 2014. This is largely due to the receipt of additional resources which includes the use of earmarked reserves and repayment of funds previously allocated to Connexions.

It is anticipated that £3.169m of the original budget reduction target of £6.033m will be achieved in the year with a further £1.115m met from Public Health.

CAYP currently holds Earmarked Reserves totalling £27.045m. It is projected that this balance will be £20.965m by the end of the financial year, largely due to the estimated use of balances in-year in respect of Complex Case Pooled Budget, Co-location Multi-Agency Teams, UniFi and Troubled Families.

Highways, Transport and Infrastructure

A year-end overspend of £0.968m is projected. This is an improvement on the overspend of £1.358m reported at the end of October 2014.

There are underspends in Transport and Technical Policy (£1.622m) which relate to reduction in staff costs achieved as a result of vacancy control, Gold Card reimbursements b_line and revenue support for buses. These are offset by overspends in Highway Management

(£0.480m), Highways Maintenance (£1.076m) and Waste Management (£1.363m) as a result of under recovery of parking income, winter maintenance and higher than anticipated waste tonnages.

Budget cuts totalling £7.259m were allocated for the year. It is anticipated that £5.502m of these will have been achieved by the year-end.

Earmarked Reserves relating to this portfolio totalling £20.941m are currently held to support future expenditure.

Strategic Policy, Economic Development and Budget

The projection is for a year-end underspend of £0.929m, an improvement on the £0.852m underspend previously reported. The main areas of underspend relate to Communications (underspend £0.259m) due to strict vacancy control, the recent review of the Council's communications functions and reduced printing costs; Policy and Research (£0.140m underspend) due to staffing and vacancy control; Chief Executives (underspend £0.322m) due to the front-loading of budget cuts and Regeneration (underspend £0.228m) which is mainly due to an underspend on tourism marketing and staffing.

The current balance on the portfolio's Earmarked Reserves is £24.400m. The majority of these reserves have been set up to help finance potential future liabilities, therefore it is expected that the balance at the end of the year will be similar to the current balance.

Council Services

The latest monitoring is showing an underspend of £0.804m, an improvement on the underspend of £0.738m reported at the end of October. The underspends mainly relate to vacancy control and staffing in Corporate Finance, HR Division and Business Support. There is an underspend on the VR/VER budget as these costs are now met from General Reserves, however there may be early severance costs which have to be funded from this budget as they can no longer be met from Dedicated Schools Grant. The underspends are off-set by overspends, particularly in Industrial Development due to the under-recovery of forecast income from industrial units and small business centres.

Earmarked Reserves total £50.674m which are currently held to support future expenditure. Of this, £19.214m is not controlled by the Council. This relates to Insurance and Risk Management, financing costs of Private Finance Initiative (PFI) schemes, Building Schools for the Future and Derbyshire Property Package Pooled Funds held on behalf of schools.

Health and Communities

The portfolio is currently projecting an underspend for the year of £5.426m, of which £5.106m relates to the Public Health function. At the year-end the Public Health underspend will be transferred into the Public Health Resource Fund leaving a projected underspend for the remaining portfolio of £0.320m. Of the remaining underspend, the majority relates to staffing and profiling of on-going projects in respect of Community Safety.

Earmarked Reserves for the portfolio total £2.597m, the majority of which relates to Public Health.

Summary

It is estimated that the overall projected year-end position will be as follows:

	Projected
Departmental Overspend	1.017
Debt Charges and Risk Management	-9.973
Use of Earmarked Reserves (HTI)	-0.968
Projected Contribution to General Reserve	-9.924

The projected overspend in Highways, Transport and Infrastructure will be financed by one-off funding currently held in Earmarked Reserves.

The contribution to General Reserve has been anticipated as part of the Council's approach to budget management set out in its Reserves Policy and Five Year Financial Plan. Without this contribution, the Council would be poorly placed to make further contributions from reserves to offset the impact of budget reductions in later years.

The Risk Management and Debt Charges budgets are forecast to underspend by a total of £9.973m as detailed in the table below:

	Budget	Forecast	Outturn
	£m	£m	£m
Debt Charges on lease agreements	8.498	8.728	0.230
Debt Charges on Capital Borrowing	43.927	39.331	-4.596
Risk Management	5.607	0.000	-5.607
	58.032	48.059	-9.973

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 one-off funding will result in a larger than anticipated underspend on the Risk Management budget. The projected underspend is an improvement on that reported at the end of October 2014, due to an allocation from the unused Contingency budget as a result of the actual costs of Special Guardianship and Fostering being less than the Contingency budget set aside to cover the estimated costs.

A sum of £4.400m has been set aside from the Risk Management budget for the cost associated with an increase in Care Home Fees.

Underspends on the Risk Management and Debt Charges budgets will help to mitigate portfolio overspends, with any net Council underspend being returned to the General Reserve at year-end.

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.

6 Key Decision?

No.

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

No

8 Officer's Recommendation

That Cabinet notes the 2014-15 budget monitoring position as at 31 December 2014.

PETER HANDFORD

Director of Finance

Details of Earmarked Reserves held at 31 December 2014

	Amount £m
Adult Social Care	
Care Home Providers	8.000
Adult Care IT System	0.250
Discretionary Fund	0.790
Total Adult Social Care	9.040
Children and Young People	
Prior Year underspend*	12.020
Single Children's System	1.591
Support & Aspiration project	1.937
Capital Maintenance	1.074
Capital Co-Location	2.387
UniFi Initiative	0.803
Tackling Troubled Families	3.490
Other Reserves (balance less than £1m)	3.743
Total Children and Young People	27.045
Highways, Transport and Infrastructure	
Grants (including £1.9m Road Safety PSA II)	2.094
Committed Liabilities – Revenue	2.201
Committed Liabilities – Capital	10.134
Winter Maintenance	2.000
Partnership and other local authorities money held by Derbyshire County Council	0.318
Single Asset Management System	0.250
Derwent Valley Mills World Heritage Site	0.152
Laboratory and Fleet Equipment	0.195
Waste Recycling Initiatives	0.391
Non-committed reserves including previous years' underspends	3.206
Total Highways, Transport and Infrastructure	20.941
Strategic Policy, Economic Development and Budget	
Troubled Families Initiative	0.172
Literacy	0.117
Fostering Publicity	0.090
Performance Management	0.050
Innovation Programme Support	0.050
Equal Pay	15.184
Derbyshire Challenge Fund	2.563
Invest to Save	0.075
GIS Procurement	0.100
Call Derbyshire automation - Speech recognition	0.070

APPENDIX ONE

Derbyshire Economic Partnership Committed Liability - Revenue	0.016
Apprenticeship Scheme Committed Liability - Revenue	0.368
Markham Vale Seymour Impact Assessment Committed Liability - Revenue	0.100
3D Broadband Project Team Committed Liability - Revenue	0.121
Markham Vale Centre Extension Committed Liability - Revenue	0.363
Broadband Project Committed Liability - Capital	4.856
Food & Drink Fair General Uncommitted Reserves	0.022
Other reserves	0.083
Total Strategic Policy, Economic Development and Budget	<u>24.400</u>
Council Services	
Computer Reserve Fund	2.580
Property Package Reserve	2.187
Property Direct Service Organisation	4.066
Corporate Resources Department Reserve	10.711
Change Management	6.175
Insurance and Risk Management	13.607
Holmewood and Business Park	0.199
VAT	0.100
Private Finance Initiative	2.005
Building Schools for the Future Wave 3	1.158
South Normanton Joint Service Centre	0.090
Registrars	0.165
Adult Care Private Finance Initiative	0.257
Equal Pay Legal Costs	0.124
Funding to support Capital Projects	7.250
Total Council Services	<u>50.674</u>
Health and Communities	
Public Health Resource Fund	0.673
Public Health/Externally Funded Programmes	0.829
Other Reserves	1.095
Total Health and Communities	<u>2.597</u>
Total Earmarked Reserves	134.697
Balances held for and on behalf of schools	
School Balances	37.797
Dedicated Schools Grant – Individual Schools Budget	16.323
Dedicated Schools Grant – Central Element	14.931
	<u>69.051</u>