

Agenda Item No.7 (a)

DERBYSHIRE COUNTY COUNCIL

CABINET

26 January 2016

Report of the Director of Finance

BUDGET MONITORING 2015-16 (as at 31 October 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 October 2015.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolios as at 31 October 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 two 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	203.194	210.047	6.853
Children's Services	105.026	108.538	3.512
Council Services	41.970	42.277	0.307
Health and Communities (exc. Public Health)	14.105	13.912	-0.193
Highways, Transport and Infrastructure	79.848	80.223	0.375
Strategic Policy, Economic Devt. and Budget	8.465	7.520	-0.945
Total Departmental Outturn	451.944	462.517	9.909
Debt Charges and Risk Management			-17.089
Total			-7.180

A summary of the individual portfolio positions is detailed below.

Adult Social Care

There is a projected year-end overspend of £6.853m, an increase of £1.1m compared to the position as at 31 August 2015. In the main overspends relate to fieldwork and direct care, in particular Homes for Older People.

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 £23.951m. It is anticipated that £24.042m will have been achieved by the year-end.

Children's Services

The forecast year-end position is for an overspend of £3.512m, an improvement of £0.376m compared to the last reported position. The improved position is largely as a result of reductions in Early Help to Safeguarding locality teams, HR, Supporting Families, Mainstream Home to School Transport and E-dev. The main areas of overspend are:

Agency Residential (£2.107m overspend) - the number of children in residential care is higher than anticipated, the number has increased by 23 since June.

Special Guardianship (£0.627m overspend) - the number of arrangements continues to increase month on month.

Child Protection (£0.612m overspend) - £0.388m relates to the historical allegations investigations and £0.222m is due to increased staff with no additional budget allocation.

Disabled Children's Resources (1.072m overspend) - expenditure has not reduced in line with the budget reductions agreed for the service and grant requests have increased due to increased awareness.

Early Help to Safeguarding Localities (£0.881m overspend) - largely due to the overspends in agency fostering, social work teams, section 17, 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 £0.307m. The main variances are:

HR Division (£0.419m underspend) - in the main, this is due to vacancy control.

Industrial Development (£0.839m 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. There is also provision for £0.200m of bad debts of which there is now little prospect of recovery.

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 £5.238m, of which £5.045mm relates to the Public Health function. This includes the effect of an in-year cut of 6.2% in the Ring-Fenced Public Health Grant which has recently been confirmed by the Department of Health. The impact for the Council is a reduction of £2.524m. This leaves a projected underspend for the remaining portfolio of £0.193m. Key areas of underspend include accredited services within the Integrated Wellbeing Contract (£1.219m), Health Checks budgets (£0.355m), vacancy control (£0.300m) and tariff based services within the Integrated Sexual Health Contract (£0.250m).

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 £0.375m is currently forecast, however within the overspend figure is an amount of £0.785m on the provision of local bus services, which was agreed by Cabinet on 27 January 2015 to be funded from General Reserve.

Main variances are:

Highways Maintenance (£2.024m overspend) - the main area of overspend relates to winter maintenance which is expected to overspend by £1.478m, plus higher than anticipated inflation on street lighting.

Waste Management (£1.370m underspend) - a substantial element of this underspend is as a result of one off items including the 2015-16 one-off landfill diversion saving, negotiated with the Council's long term work contractor.

Unallocated budget (£1.403m 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 £3.769m of these will have been achieved by the year-end.

Strategic Policy, Economic Development and Budget

A year-end underspend of £0.945m is projected, which includes:

Communications (£0.298m 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 (£0.336m underspend) - front loading of budget cuts which will be used to meet cuts targets in future years.

Policy (£0.162m underspend) – staffing created by funding from Public Health, vacancy control and the Consultancy budget not being spent.

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

Summary

The projected overspends in Children's Services 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 £13m.

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 £7.180m is forecast.

This report should be read alongside a report to this Cabinet meeting on the Council's Reserves Position.

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 October 2015.

PETER HANDFORD

Director of Finance