

DERBYSHIRE COUNTY COUNCIL

CABINET

26 September 2012

Report of the Director of Finance

**BUDGET MONITORING 2012-13
(Period up to 30 June 2012)
(FINANCE AND MANAGEMENT)**

1 Purpose of the Report

To provide Cabinet with an update of the latest budget monitoring positions showing an overall overspend of £3.806m.

2 Information and Analysis

The report summarises the controllable budget position by department. Reports will also be considered at Audit Committee and full Council. Monitoring reflects the position as at 30th June 2012, however officers have provided additional updates to the Director of Finance to take the position up to the period ending 31st July 2012. The position shown partly reflects the carry forward of budgets from 2011/12 as the details regarding the use of underspends had not been finalised at the time of the report. However, departments are able to use any underspend from 2011/12 to help manage budget reductions in 2012/13.

Cabinet Members receive a more detailed report of their portfolio positions at their Cabinet Member meetings which this report summarises.

Adult Care

The severe pressure on Adult Care budgets seen by the Council in recent years continues in 2012-13. The forecast position, based on current pressures and progress towards achievement of efficiencies, has been calculated at £8.5m while demand from services continues to grow. Adult Care are aware of the need to reduce this further over the year and are in the process of identifying additional measures to reduce costs, some of which will be ongoing and some may be one-off in nature.

Children and Younger Adults

Whilst CAYA managed a significant underspend in 2011-12, this was a reflection of the department's attempts to achieve savings and manage

costs in the knowledge that further budget reductions and increased costs would erode this position in 2012-13. The department is therefore expecting to break even during the year.

The majority of the turn-around is due to either loss of grant income for which spending had already ceased or is financed by draw down from reserves, a further £2.7m was financed by budget growth for 2 year olds and Looked After Children.

Environmental Services

The forecast is for an underspend of £1.397m by the year-end. There is an overspend of £1.838m in Unallocated Budgets, largely offset by underspends of £1.549m on Transport and Technical Policy (mainly due to gold card re-imbursements, school crossing patrol vacancies and road safety) and £0.807m on Waste Management.

Cultural and Community Services

The forecast is for an underspend of £0.716m by the year-end, with underspends of £0.384m in Branch Libraries, and £0.142m in Mobile Libraries, in the main due to vehicle related costs.

Corporate

The year-end forecast is £0.991m overspend. Key areas of overspend include £0.970m unallocated efficiency savings and £0.679m mainly due to reduced income from the Council's business units due to declining occupancy levels, plus business rates expenditure now payable on these. This is offset by underspends in other areas, including Registrars (£0.193m), Change Management (£0.277m) and Corporate Management (£0.139m) which is largely due to a reduction in audit fees and general subscriptions.

Corporate Resources

The forecast is for an underspend of £2.326m, significant underspends are Transformation Services, Human Resources and County Property.

Chief Executive's

An underspend of £1.246m is projected at the year end, with underspends in all divisions. Of this figure £0.338m relates to the 'front-loading' of efficiency savings. Also, there are currently a large number of vacancies throughout the department.

Budget Reductions

Departmental annual efficiencies are set out in the Five Year Financial Plan. Achievement of the targets is being closely monitored by departments and the Chief Executive.

Corporate Budgets

In setting the budget, the Council made a contingency of £1.4m in the event that there was an agreement of a pay award for employees earning £21,000 or less. Subsequently, it has been agreed there will be no such offer of an award in 2012/13. Therefore, this amount has been transferred to the Risk Management Budget to support future budget pressures. This gives an ongoing budget of £5.3m.

The debt charges, capital charges and external interest budgets are showing a break-even position.

The income from funding sources such as Council Tax, Formula Grant and General Grants is as anticipated. There have been no additional funding allocations.

Summary

The overall position, as shown at Appendix 1 shows an overall overspend of £3.806m at this stage, and although some departments will carry forward underspends from 2011/12 some departments will have to deal with overspending. Monitoring will continue and the position is expected to improve as the year progresses.

3 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 and transport considerations.

4 Financial Considerations

As set out above.

5 Key Decision

No.

6 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

7 Background Papers

Papers held in Technical Section, Corporate Finance

8 OFFICER'S RECOMMENDATION

That the 2012/13 budget monitoring position as at 30 June is noted.

PETER HANDFORD

Director of Finance

6 September 2012

APPENDIX 1

	Budget	Year-end forecast	(Under)/Over Spend
	£m	£m	£m
Adult Care	204.165	212.665	8.500
CAYA	114.000	114.000	0.000
Environmental Services	87.295	85.898	(1.397)
CACS	12.737	12.021	(0.716)
Corporate	10.392	11.383	0.991
CRD	41.949	39.623	(2.326)
Chief Executives	11.522	10.277	(1.246)
			3.806