

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**30 July 2013**

**Report of the Director of Finance**

**REVENUE OUTTURN 2012/13**  
**(COUNCIL SERVICES)**

**1 Purpose of the Report**

To set out the final outturn position for 2012/13, identify significant variations from the revised estimate and identify commitments already agreed against the underspend, together with proposals for the further use of underspends. The allocations for the further use of underspends will be held in departmental earmarked reserves and will only be released to departments subject to final approval by the appropriate Cabinet Member.

**2 Information and Analysis**

The budget was adjusted to reflect the approved carry forwards from 2011/12, but otherwise was cash limited to the original budget set in February 2012. The outturn for each department is summarised below and in Appendix One.

**ADULT CARE**

There was an overspend of £7.670m on controllable expenditure. The main variations were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Purchased Services	14.634	Combination of demographic changes and cost of complex cases.
Housing Related Support	(1.053)	Delay in newly commissioned services coming on-line and savings on re-commissioned services.
Other Services	(4.540)	Additional one-off funding from the Primary Care Trusts for winter pressures etc.
Business Support	(1.715)	Holding vacancies and efficiency measures.

## CHIEF EXECUTIVES/CORPORATE RESOURCES

There was an overall underspend of £5.037m (Chief Executives £2.761m and Corporate Resources £2.276m).

The main variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Chief Executive	(0.413)	'Front-loading' of budget reductions.
Public Relations and Website	(0.495)	Includes carry forward of Workforce Extra project and provision for the replacement of the Geographical Information Systems (GIS).
Call Derbyshire	(0.269)	Vacancy savings.
Economic Regeneration*	(0.859)	<ul style="list-style-type: none"> <li>• Vacancy control</li> <li>• Carry forward of agreed project funding</li> <li>• On-going implementation of the Apprenticeship Scheme</li> </ul>
Community Safety	(0.291)	Underspend on project budgets.
Transformation Services	(0.207)	Vacancy savings.
Human Resources	(0.394)	Vacancy savings.
Core Systems	(0.555)	Phasing of the project has led to an underspend in 2012/13 that will be required in later years.
CRD Corporate	(0.673)	'Front-loading' of budget reductions.

Of the total controllable underspend of £5.037m, previously approved commitments total £2.673m. These are items of expenditure that have already received approval by either Cabinet or Cabinet Member.

<b>Description</b>	<b>£m</b>
Workforce Extra	0.070
Voice recognition technology	0.070
GIS System	0.100
Literacy	0.040
Climate Change Officer	0.015
Food and Drink Fayre 2013*	0.022
Buxton Crescent legal fees*	0.050
Apprentices Scheme*	0.330
Derbyshire Employment forecasts*	0.017

Markham Vale Economic Impact Assessment*	0.015
Community Safety Projects	0.174
Youth Offending	0.018
Derbyshire Sport	0.198
Folder/insert machine	0.050
Review of Internal Audit Function	0.030
Learning and Development System	0.100
Core Systems	0.555
Members IT equipment	0.085
Organisation Development	0.038
St Helena accommodation move	0.296
Mercian Close accommodation move	0.400
<b>TOTAL</b>	<b>2.673</b>

\* Items marked with an asterisk are now the responsibility of the Environmental Services Division as part of the Jobs, Employment and Transport Portfolio.

Of the balance of £2.364m, approval is sought to retain a further £1.252m which are:

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
Broadband Project Team*	0.030	Phasing of the project over three years.
Youth Offending Service	0.039	Contribution towards the known loss of grant income in 2013/14.
Public Relations and Web Team	0.030	Backfilling of posts has slipped in 2012/13 resulting in staff remaining in post in 2013/14.
Training	0.050	Shortfall on the base budget to meet the training needs identified for 2013/14.
Contingency	0.200	To help the department respond to any unforeseen demands which may arise.
Equalities Working Groups	0.003	Training needs of the Employee Equalities Working Groups.
Minor Works	0.300	Contribution to fund works under £10,000 which cannot be funded from the Capital Programme. This will give departments time to plan for future funding from their revenue budgets.
Invest to Save	0.500	The Invest to Save fund is used to pump-prime projects that provide efficiency savings. Whilst the current one-off budget remains

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
		unspent, it has been committed. It is proposed to set aside a further £0.500m for any further 'Invest to Save' proposals.
Changing the Way Derbyshire Works	0.100	To cover removal expenses associated with the accommodation project.
<b>TOTAL</b>	<b>1.252</b>	

In addition to the above commitments, £0.395m will be transferred to an earmarked reserve within Environmental Services to help fund economic development initiatives. This leaves a balance of £0.717m to be returned to the General Reserve.

### **CHILDREN AND YOUNGER ADULTS**

There was an underspend of £5.029m on the controllable budget position.

The main variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Adult Education – Grant Income	(0.323)	The grant income was supplemented by a one-off release of a provision for repayment of grant.
Broadband Reserve	(1.969)	Reserve was built up from school and local authority contributions, and government grants to fund development and running costs of broadband infrastructure to schools. From November 2012 schools are individual purchasers of broadband connectivity and services; therefore there is no longer a requirement to retain these funds.
Sufficiency	(0.387)	Growth of £1.687m was allocated in the 2012/13 budget for the roll-out of 15 hours free early years provision to the most vulnerable 20% of two-year olds. The majority of the underspend relates to lower take-up at the beginning of the financial year when provision started.
Catering	(0.578)	An increase in meal take-up rates in

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
		the second half of 2012/13 compared to that assumed in the budget.
Allocations from grants	(0.608)	Transfer from Dedicated Schools Grant for children in residential placements.
Finance/HR/Information Unit/Quality Assurance	(0.873)	Vacancy control and increase of traded income from schools.
Business Services	(0.741)	Vacancy control and running costs of buildings.
Disabled Children's Services	(0.237)	Vacancy control and lower numbers of service users accessing the short break provision.
Safeguarding District Teams	(0.478)	Of the underspend £0.302m was on vacancy control. Spending on preventive & supportive payments to children and families in need was £0.070m less, further expenditure on Children in Care was £0.036m lower and use of the flexible budget was £0.094m lower.
Advisory Service	(0.816)	There was a saving of £0.108m on vacancy control. There was over recovery of income from traded services. Less money was transferred to schools, the underspend on this being £0.404m.
Home to School Transport	(0.185)	The underspend represents under 1.5% of the total for Home to School Transport.
0-19 services	(1.804)	Vacancy control and buildings running costs.
Education Welfare	(0.151)	The underspend is due to unbudgeted trading income from academies.
Family Intervention	(0.210)	Receipt of grant funding towards the cost of the troubled families co-ordinator, set against costs already provided for in the budget.
Unallocated budget	3.001	Budget reductions applied to CAYA that had not been applied to individual budgets
Placement costs – children in care/special guardianship	0.944	This is the overall overspend across all types of placement spend for both children in care and those

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
		children no longer in care but who are still financially supported by the Council.
Fostering & Adoption	0.387	The overspend has occurred against the budget for payments to other organisations for finding adoption placements.
Legal Charges	0.176	Increased number of legal proceedings.

Of the brought forward underspend, some commitments have been made, for example the Uni-fi project in 2012/13, but the bulk of the underspend remains uncommitted. Medium term projections for CAYA indicate that these resources will be required to supplement the annual budget in the coming 2-3 years.

Of the above variances, Broadband, Catering, Sufficiency and Adult Education Grant Income, which total £3.253m are considered one-off in that the likelihood of them recurring is nil.

There are a number of commitments previously agreed by members and as the expenditure spans two or more financial years, approval is requested to create earmarked reserves to hold the resources allocated to fund each of these initiatives until their completion. Approval will be required from the Cabinet Member for the creation of earmarked reserves.

Approval is sought to retain £0.210m of committed items which are:

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
Youth Action Grant	0.060	To fund requests that had not fully completed the approval process by 31 March 2013.
Community Interest Company	0.150	Developing the market with the voluntary, community and independent sector.
<b>TOTAL</b>	<b>0.210</b>	

It is requested that the remaining £5.029m is retained to support budget pressures.

## **CORPORATE**

The position on the controllable budget was an underspend of £2.691m. Key variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Adult Care – Strategy for Accommodation and Support for Older People	(0.257)	Phasing of the project has led to an underspend in 2012/13 that will be required in later years.
Building Schools for the Future (BSF) Wave 3	(0.993)	This was provided to meet costs associated with the BSF programme and will be required in future years.
Building Schools for the Future – Local Education Partnership (LEP)	(0.647)	LEP set-up costs are now incorporated in the capital cost of the new schools and the remainder of this budget will be utilised in 2013/14 as part of the overall funding package for the capital investment, and will therefore need to be carried forward.
Private Finance Initiative (PFI)	0.334	The phasing of income and expenditure on PFI schemes results in a mismatch on an annual basis which is smoothed out through a transfer from earmarked reserves.
Corporate and Democratic Core	(0.221)	Reductions in general subscriptions and audit fees.
County Buildings	(0.329)	The main areas of the underspend relate to utilities and rates.
Budget Reductions	0.952	Represents the balances of savings which have not been allocated to specific budgets.
Other	0.314	The majority of this represents non-achievement of income from Shipley Park.
Invest to Save	(0.974)	Schemes have yet to reach the stage where the invest to save contribution is required.
Revenue Contributions to Capital Outlay	(0.433)	Arises from fees associated with capital projects now being funded differently.
South Normanton Joint Service Centre	0.282	Under-recovery of rental income; service charges levied by the landlord and corrective improvement work which is expected to be recouped from

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
		the developer.
Voluntary Redundancy/Compulsory Redundancy	(0.469)	From 2012/13 cost of redundancy has been met from General Reserve.
Change Management	(0.337)	Delays in commencing new projects and timing of payments.
Coroners	0.202	Salary costs. This has been addressed with growth of £0.200m being allocated in 2013/14.
Registrars	(0.379)	Over recovery of income from fees and charges.
Industrial Development	0.598	Under recovery of income for industrial units and small business units.

Approval is sought to retain £2.882m of committed items which are:

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
Adult Care Private Finance Initiative	0.257	To meet the costs of the project in 2013/14.
Building Schools for the Future Wave 3	0.992	To meet the costs of the project in 2013/14.
Building Schools for the Future LEP	0.648	To be utilised in 2013/14 as part of the overall funding package for the capital investment.
Invest to Save	0.974	Commitments for the rationalisation of the Children's system and replacement of the Derbyshire Schools Accounting System.
Democratic Representation & Management	0.005	Training for Members.
Members Community Leadership Scheme.	0.006	Cost of scheme approved in 2012/13 for which match funding was delayed.
<b>TOTAL</b>	<b>2.882</b>	

In addition to the commitments it is requested that the £0.329m underspend on the County Building budget be carried forward to help meet the cost of running Ilkeston and Ashbourne Hubs. If approved, and after the transfer from earmarked reserves for the Private Finance Initiative, the proposals would require a contribution from the General Reserve of £0.186m.



## CULTURAL AND COMMUNITY SERVICES

The position on the controllable expenditure was an overall underspend of £0.736m. Key variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Branch Libraries	(0.578)	Vacancy control and 'front loading' of budget reductions.
Mobile Libraries	(0.198)	Rental costs of fleet and hire of vehicles.
Materials Fund	0.117	Book purchases made during the year.

There are commitments of £0.231m which represent goods ordered but not received at 31 March 2013.

Of the balance of £0.505m, approval is sought to retain a further £0.361m which are:

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
ICT/Partnership	0.025	Extend Ipad kiosk that provides access to Consumer Advice/Health, Benefits etc. to six locations.
Refurbishments	0.105	Shelving and flooring at various libraries.
Reading	0.006	Authors and writers at existing children's book groups and writing groups, and pilot scheme to loan e-book readers.
Health and Well Being	0.040	Increase the number of Health and Wellbeing Zones, and loaning of laptops through Home Library Service.
Materials Fund	0.100	Relates to book purchases made during the year.
Outstorage	0.007	To cover the outstorage costs in 2013/14.
Buxton Museum	0.020	Replacing casing and improving displays.
Arts	0.010	Art workshops in homes for the elderly.
First World War	0.038	Range of events and activities, School Library Service, poppy project and artist call for seedcorn

<b>Pressure</b>	<b>Request £m</b>	<b>Description</b>
		funding.
Trading Standards	0.010	Health and Community Safety messages and initiatives.
<b>TOTAL</b>	<b>0.361</b>	

It is proposed that the remaining underspend of £0.144m be returned to the General Reserve.

### **ENVIRONMENTAL SERVICES**

The position on the controllable expenditure was an overall underspend of £4.746m. Key variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Transport and Technical	(1.083)	<ul style="list-style-type: none"> <li>• Gold Card (0.608m)</li> <li>• Revenue Support for Public Transport (0.278m)</li> <li>• Vacancy control (0.274m)</li> </ul>
Highway Area Management	(0.067)	Overspend on winter maintenance (£2.075m) off-set by underspend on non-winter elements of highways maintenance, income from commuted sums for future maintenance, s74 New Roads and Streets Acts income, vacancy control and premises savings.
Waste Management	(1.756)	Reduction in landfill and green waste tonnages, reduced expenditure on closed sites, advisor fees and waste contracts.
Management and Business Support	(0.582)	Under recovery of income and vacancy control.

Of the total controllable underspend of £4.746m, previously approved commitments total £1.794m, which are:

<b>Description</b>	<b>£m</b>
Cromford Canal Works	0.050
Waste Contract default payments	0.113
Asset Management Grant	0.017
S74 Income	0.281
Commuted Maintenance	0.076

Waste management strategy review	0.043
Waterswallows – green waste	0.036
Surcharge on Commercial Waste paid by districts	0.002
Countryside Service Level Agreements	0.050
Creswell Heritage Trust	0.012
Road Safety Partnership	0.202
AVBC Green Waste bins (Cabinet 22/01/13)	0.100
Waste creditor transfer to reserves	0.129
Climate Change Project Officer (50%)	0.015
Longhorse Bridge	0.060
Highways work delayed by weather	0.543
Waterways Officer	0.022
Cromford Canal	0.003
Creswell Crags	0.040
<b>TOTAL</b>	<b>1.794</b>

It is proposed that the remaining balance of £2.952m be carried forward and used to fund one-off projects and initiatives to support economic regeneration, transport, waste, countryside and highways.

In addition to the above commitments, £0.395m will be transferred from the Regeneration Division underspends (previously held in Chief Executives Department) to an earmarked reserve within Environmental Services to help fund economic development initiatives.

### **DEDICATED SCHOOLS GRANT (DSG)**

The underspend on the central element of DSG was £1.087m. Key variances were:

<b>Service</b>	<b>(Under)/Over Spend £m</b>	<b>Major Reasons for Outturn Position</b>
Unallocated DSG	(1.615)	This element of the DSG was not allocated to central services at the start of the 2012/13 financial year and there has been no expenditure in-year that has called upon this.
Schools Maintenance	2.094	Reflects work committed but not yet started at 31 March 2013, for which funds have been set aside to meet the commitment.
School Related	(0.520)	Mainly relates to budget set aside to cover the potential impact of Single Status changes on staff working to support schools but funded

		from Central DSG.
Special Educational Needs	(0.379)	The main areas of underspend were on Primary Schools recoupment, and children attending independent pre-schools.
Access and Inclusion	(0.351)	Vacancy control partially off-set by under-recovery of income from schools.

Accumulated DSG balances (excluding balances held by individual schools) at 31 March 2013 are £25.241m. Of this £2.380m is held to cover costs that were the responsibility of the authority until 31 March 2013 but the expenditure has not yet been advised/incurred, £0.380m for estimated maternity claims in schools and £2.000m for commitments to schools for capital maintenance works.

There is a balance of £10.639m which is unallocated Individual School Balances funding. Within this balance, £5.000m has been earmarked to support schools following the introduction of Single Status. The remaining balance was discussed with Schools Forum on 19 June 2013.

The balance of £12.222m has been discussed with Schools Forum on 19 June 2013.

## SUMMARY

Most services achieved underspends, part of which related to planned activities not having been carried out so the commitment remains. Departments have additional flexibility regarding the use of previous year underspends which allows them to manage future budget reductions. Pressures remain on the Adult Care budget, however actions are being taken to reduce the overall spend within Adult Care. In addition, there was an underspend on the Risk Management and debt charges budgets.

Appendix One shows a summary of the controllable variances by service, together with proposals for the use of underspends.

The General Reserve stands at over £102.719m in the Council's Pre-Audit Annual Accounts as at 31 March 2013. However, departments have a number of commitments, outlined above, and requests for carry forward of balances which would have a significant reduction in that balance. In addition, there are further calls upon the balance to meet potential Equal Pay costs, voluntary redundancy costs and liabilities from Municipal Mutual Insurance etc., leaving a balance of approximately £35m to cover unknown contingencies. This is at the top end of our desired range. One key unknown which isn't currently provided for is the requirement for funding to settle the back claim for the Residential Care judicial review case.

### **3 Considerations**

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

### **4 Key Decision**

Yes

### **5 Call-in**

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

### **6 Background Papers**

Papers held in Technical Section, Corporate Finance.

### **7 OFFICER'S RECOMMENDATION**

That Cabinet:

- i) Note the departmental outturn positions for 2012/13
- ii) Note the position on general reserves
- iii) Approves the use of underspends to meet previously agreed commitments as listed in the report
- iv) Notes the suggested use for the uncommitted balances made by the Strategic Director and agrees to the sums being transferred into departmental earmarked reserves with any use in line with the contents of the report being subject to final approval by Cabinet Member
- v) Approves the return of £4.976m of underspend back into the General Reserve.

**PETER HANDFORD**

**Director of Finance**

County Hall  
MATLOCK

18 July 2013

	Budget £m	Actual £m	(Under)/ Over Spend £m	Request to (Add to)/Use Earmarked Reserves £m	Commitments £m	Further request for use of underspend £m	Balance to be financed from General Reserve £m
Adult Care	205.692	213.362	7.670	0.000	0.000	0.000	7.670
Children and Younger Adults	122.395	117.366	(5.029)	0.000	0.210	4.819	0.000
Corporate	10.344	7.653	(2.691)	(0.334)	2.882	0.329	0.186
Corporate Resources/Chief Executives	51.691	46.654	(5.037)	0.000	2.673	1.647	(0.717)
Cultural and Community	12.985	12.249	(0.736)	0.000	0.231	0.361	(0.144)
Environmental Services	87.854	83.107	(4.746)	0.000	1.794	2.952	0.000
<b>Departmental Total</b>	<b>490.961</b>	<b>480.391</b>	<b>(10.569)</b>	<b>(0.334)</b>	<b>7.790</b>	<b>10.108</b>	<b>6.995</b>
Central Costs	50.887	38.916	(11.970)	0.000	0.000	0.000	(11.971)
<b>Total</b>			<b>(22.539)</b>	<b>(0.334)</b>	<b>7.790</b>	<b>10.108</b>	<b>(4.976)</b>

General Reserve Balance as at 31.03.2013	£102.719
Add use of Earmarked Reserves	£ 0.334
Less Commitments	(£ 7.790)
Less Carry Forward Requests	(£ 10.108)
<b>General Reserve balance going forward</b>	<b>£ 85.155*</b>

\* Departments have a number of commitments and requests for carry forward of balances, as outlined in the report. In addition, there are further calls upon the balance to meet such things as potential Equal Pay costs, voluntary redundancy costs and liabilities from Municipal Mutual Insurance. This results in a significant reduction of the balance to approximately £35m to cover potential unfunded liabilities.