

Agenda Item No.6 (c)

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

4 September 2012

Report of the Director of Finance

REVENUE OUTTURN 2011-12 - SUMMARY REPORT
(FINANCE AND MANAGEMENT)

1 Purpose of the Report

- to report the final outturn position for 2011-12
- to identify significant variations from the revised estimate
- to identify commitments already agreed against the underspend

2 Information and Analysis

Attached as Appendix One to this report is a statement setting out the overall revenue position for 2011-12. The budget was adjusted to reflect the approved carry forwards from 2010-11, but otherwise was cash limited to the original budget set in February 2011. Further reports to Cabinet will identify use of underspends by department.

The outturn position and proposals for each department are summarised below, and in Appendix One.

CHIEF EXECUTIVES/CORPORATE RESOURCES

The position on controllable expenditure was an overall underspend of £5.207m, with underspends on most services. The most significant variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Chief Executive	(0.660)	'Front loading' of savings.
Public Relations	(0.288)	Includes carry forward to cover the Workforce Extra contract.
Call Derbyshire	(0.287)	Front loading of savings.
Website	(0.233)	Funds earmarked for the upgrade of the website not fully utilised.
Economic Regeneration	(0.876)	<ul style="list-style-type: none">• Carry forward of agreed project funding.• On-going implementation

		of the Apprenticeship Scheme. <ul style="list-style-type: none"> • Provision of on-going Buxton Crescent scheme • Vacancy management within the service.
Transformation Services	(0.697)	<ul style="list-style-type: none"> • Vacancies. • Credits from suppliers following review of Council telephony estate • Expenditure committed to projects not yet complete
Human Resources	(0.482)	Vacancy savings and HR strategy underspend.
Core Systems	(0.253)	Phasing of the project has led to an underspend in 2011/12 that will be required in later years.
CRD Corporate	(0.533)	'Front loading' of efficiency savings.
Other	(0.898)	Underspends in other divisions including Emergency Planning, Policy & Research, Community Safety and Youth Offending Services.

Of the total controllable underspend of £5.207m, previously approved commitments total £1.662m which are:

	£
Workforce Extra	130,000
Voice recognition technology	70,000
Website upgrade	62,000
Advice services within surgeries	82,000
Apprentices schemes	448,000
Buxton Crescent – legal fees	50,000
Food and Drink Fayre 2012	33,000
Arkwright Society loan	100,000
Community Safety Projects/Community payback	4,123
Street Lighting Projects	35,236
ASB theatre in education	3,000
Safe Rave	25,000
Domestic Sprinkler initiative	20,000
Folder/insert machine	50,000
Websense	212,000
Property Services Review consultancy fees	50,000
Rights of Way officers	34,000
Core Systems	253,479

ENVIRONMENTAL SERVICES

The controllable underspend was £3.772m.

Major variations were:

Service	(Under)/ Over Spend £m	Major Reasons for Outturn Position
Highway Area Management	(1.810)	Overspend offset by underspends on schemes funded by the Winter Damage Grant and commuted sums received relating to future schemes.
Consulting and contracting	0.687	Under-recovery of design fee income and reduced recharges to capital and other revenue budgets.
Waste Management	(1.397)	Reduction in landfill and green waste tonnages and reduced expenditure on closed sites.
Countryside and Planning Services	(0.351)	Vacancy control.
Management and Business Support	(0.250)	Under recovery of income and vacancy control.

Commitments of £1.452m are:

Legal Orders post	137,700
Cromford Canal Feasibility Study	60,250
Waste Contract default payments	65,000
Asset Management Grant	20,626
S.74 Income	212,600
Commutted Maintenance	633,244
Waste management strategy review	41,010
VR/VER to be returned to general reserves	262,558
Surcharge on Commercial Waste paid by Districts/Boroughs	18,604

CULTURAL & COMMUNITY SERVICES

The position on controllable expenditure was an underspend of £1.082m.

The main areas of underspend were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Branch Libraries	(0.476)	Vacancies and 'front loading' of efficiency savings.

Trading Standards	(0.253)	Staff travel car allowances and 'front loading' of efficiency savings.
Mobile Libraries	(0.141)	Rental costs of fleet and hire of vehicles.
Derbyshire Record Office	(0.104)	Vacancy and grants received in advance.

There are commitments totalling £0.280m which are:

	£
Goods ordered but not received by 31 st March 2012	110,516
Arkwright Society Loan	100,000
Manorial Documents Register Project	40,000
Arts, Health & Wellbeing	29,800

There is a proposal to transfer £0.043m to earmarked reserves for the following items:

	£m
Branch Libraries	0.027
Trading Standards Division	0.016

CHILDREN AND YOUNGER ADULTS

The net position on controllable expenditure was an underspend of £11.167m.

Major variances arose on:

Service	(Under)/ Over Spend £m	Major Reasons for Outturn Position
Children's Social Care	0.600	Increased numbers of: <ul style="list-style-type: none"> looked after children. young people classed as homeless. high cost aftercare placements from young people previously in high cost residential placements. children placed for adoption. Offset by savings on staffing costs and reduced numbers of payments to families in need.
Schools and	(2.543)	<ul style="list-style-type: none"> School Catering Service.

Learning		<ul style="list-style-type: none"> • Slippage on procurement process for kitchen equipment. • Efficiencies in School Improvement Service. • Efficiencies in out of county transport.
Universal and Targeted Services	(3.407)	<ul style="list-style-type: none"> • Staffing/vacancies on multi-agency teams during first year of implementation. • Lower spend in child-minding fees for 0-5 year olds commissioned by Children's Centres. • Reduced costs of incorporating the Connexions service in-house.
Departmental Resources	(4.871)	<ul style="list-style-type: none"> • Vacancy control. • 'Front-loading' of efficiency savings.

Existing commitments total £2.619m which are:

Skills Festival	20,000
Post 16 SEN provision at Hope Valley College	289,000
Uni-fi initiative	1,110,000
Terms and conditions for school based staff under Single Status	300,000
Establishment of community interest company VCI sector	150,000
New systematic approach to social work	750,000

ADULT CARE

There was an overspend of £1.843m on controllable expenditure.

Main variations were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
External Provision of Care	10.630	Combination of demographic pressures and cost of complex cases.
Fieldwork Teams including Management	(1.403)	Holding vacancies and delays in recruiting following the departmental restructure.
Other Adult Services	(0.540)	Front loading of efficiency savings.
Management and Support Services	(1.779)	Holding vacancies and efficiency measures.
Accommodation and Support	(1.622)	Delay in newly commissioned and re-commissioned services coming on line.
Other Services	(2.857)	Additional one-off funding from the PCTs for winter pressures.

A number of actions are being taken to reduce the overall spend within Adult Care. These include:

- Review of all Co-Funding Contributions from clients to ensure that income is being maximised.
- Implications of Frozen Meals and Laundry Services following review of clients needs.
- Re-modelling of services for low and moderate needs.
- Reviewing high-cost placements in the independent sector.

CORPORATE

The position on controllable expenditure was an underspend of £5.199m. Key variances were:

Service	(Under)/Over Spend £m	Major Reasons for Outturn Position
Adult Care PFI	(0.318)	Phasing of the project has led to an underspend in 2011/12 that will be required in later years.
Building Schools for the Future	(1.131)	This was provided to meet costs associated with the BSF programme and will be required in future years.

Private Finance Initiative	0.356	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.
Private Finance Initiative/Building Schools for the Future Team	(0.100)	Reductions made to both staffing and professional fee budgets as a result of the cancellation of the BSF programme.
Change Management	(2.592)	Phasing of projects, the majority of the underspend remains committed.
Coroner	0.306	Significant increases in mortuary fees since 2008.
Corporate Management	(0.259)	Reductions in general subscriptions and audit and inspection fees.
Democratic Representation and Management	(0.133)	Provision of mobile phones and services by Members.
Efficiencies	0.402	Balance of savings required which has not yet been allocated against specific budgets.
Industrial Development	0.595	Under recovery of forecast income for industrial units and small business centres.
Members Community Leadership	(0.252)	The scheme runs over the four years until the next election in 2013.
Pump Priming for Cost Cutting	(1.062)	Schemes have yet to reach the stage where the invest to save contribution is required. Will be needed in future.
Registrars	(0.222)	Over recovery of income for the various Registrar fees and charges.
Revenue Contributions to Capital	(0.437)	Arises from fees associated with capital projects being below budget.
South Normanton Joint Service Centre	0.156	Loss of rental income due to some units not yet being let.

Of the total controllable underspend of £5.199m, £2.844m is already committed, the major items being:

	£
Adult Care PFI/BSF	1,449,564
Pump Priming for Cost Cutting	1,062,241
Members Community Leadership Scheme	252,508

A further net contribution of £1.729m will be made to earmarked reserves, including a contribution from reserves to meet the £0.356m for Private Finance Initiative and a contribution to reserves of £1.900m for Change Management projects.

Dedicated Schools Grant (DSG)

The underspend on the central element of DSG was £3.615m. In January 2012, the Schools Forum agreed that the underspend would be transferred from Central budgets to the Individual School Budgets over the next two to three years to protect existing LMS multipliers as far as possible from the effects of reductions in DSG due to falling pupil numbers. The impacts of the national funding reform proposals on individual schools are unclear. There is also uncertainty over the treatment to be applied to some existing central budgets in the future such as redundancy, contributions to combined services and capital maintenance.

In view of these uncertainties it is proposed that the in-year underspend on Central budgets is held unallocated at this time pending greater clarity on the outcome of the national formula review process for Derbyshire schools.

The individual schools balances (excluding Capital) increased during the year by £6.333m and now stand at £27.9m.

Major variances arose on:

Service	(Under)/ Over Spend £m	Major Reasons for Outturn Position
Unallocated DSG	(2.717)	Savings made within service budgets required no use of this allocation.
School related	0.908	Increased SENTA hours which were not funded as part of the 2011/12 school budget allocations.
Special Educational Needs	(0.774)	Out of county placements lower than allocated and the net cost of

		recoupment for school places was lower than planned.
Access and Inclusion	(0.411)	Staffing
Support Centres	(0.257)	Payments to third parties for Key Stage 4 placements was lower than planned.
Advisory Service	(0.223)	Demand for vulnerable schools and study support for children in care lower than anticipated.
Early Years	(0.223)	<ul style="list-style-type: none"> • Staffing. • Projects.
Looked After Children Education Service	(0.159)	<ul style="list-style-type: none"> • Underspend of Standards Fund balance to fund the cost of the increase in maximum hours to 15 per week for each 3 and 4 year old. • YPLA threshold grant allocated for schools which have now converted to academies.

SUMMARY

There was no change to the receipt of general grants from Government, and the income from Council Tax was as estimated. In view of the volatile nature of interest rates, a prudent approach was taken in budgeting for interest receipts, and in 2011-12 a surplus was achieved against a much reduced interest receipt budget. In addition, there was an underspend on the contingency budget as a result of the nil pay award and an underspend on non-standard inflation.

Most services achieved underspends, part of which related to planned activities not having been carried out so the commitment remains. Pressures on Social Care budgets are significant, however actions are being taken to reduce the overall spend within Adult Care.

Appendix One also identifies controllable variances by service and proposals for the use of underspends as follows:

	£m
Service commitments	8.857
Contribution to/from Earmarked Reserves	1.772

Further proposals regarding the net balance of the underspend will be made to Cabinet in due course.

The General Reserve stands at over £97.999m in the Council's Annual Accounts as at 31 March 2012. However, the departmental reports

indicate a significant reduction in that balance to meet ongoing commitments. 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.

The statutory Statement of Accounts for 2011-12 has been signed by the Director of Finance as representing a 'true and fair view of the accounts' subject to audit, and is available on the Council's website and in group rooms.

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 Background Papers

Detailed departmental reports.

5 Key Decision

Yes.

6 Call-in

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

7 OFFICER'S RECOMMENDATIONS

That Cabinet:

7.1 Approve the revenue outturn and financing for 2011-12.

7.2 Note the position on general reserves.

PETER HANDFORD

Director of Finance

27 July 2012
County Hall
MATLOCK

Summary Outturn Position - 2011-12

	Budget	Actual	(Under)/Over Spend
	£m	£m	£m
Chief Executive/Corporate Resources	52.851	47.644	(5.207)
Environmental Services	89.925	86.153	(3.772)
Cultural and Community Services	14.156	13.074	(1.082)
Children and Younger Adults	119.012	107.845	(11.167)
Adult Care	206.759	208.602	1.843
Corporate	15.991	10.792	(5.199)
Total	498.694	474.110	(24.584)

APPENDIX ONE

Summary of Departmental Use of Underspend 2011-12

	Controllable (Under)/ Overspend	Committed as Part of a Previous Approval	Request to (Add to)/use Earmarked Reserves	Balance of (Under)/Over spend after commitments
	£m	£m	£m	£m
Chief Executive/Corporate Resources	(5.207)	1.662	0.000	(3.545)
Environmental Services	(3.772)	1.452	0.000	(2.320)
Cultural and Community Services	(1.082)	0.280	0.043	(0.759)
Children and Younger Adults	(11.167)	2.619	0.000	(8.548)
Adult Care	1.843	0.000	0.000	1.843
Corporate	(5.199)	2.844	1.729	(0.626)
Total	(24.584)	8.857	1.772	(13.955)