

DERBYSHIRE COUNTY COUNCIL

COUNCIL

6 December 2017

Report of the Director of Finance & ICT

BUDGET MONITORING 2017-18 (as at 31 August 2017)

1 Purpose of the Report

To provide Council with an update of the Revenue Budget position for 2017-18 as at 31 August 2017.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolios as at 31 August 2017. 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. There are overspends on the Young People and Economic Development and Regeneration portfolios. The projected outturn compared to controllable budget is summarised below. This includes the use of one-off funding for the Highways, Transport and Infrastructure and Young People portfolios.

	Budget £m	Forecast Actuals £m	Projected Outturn £m
Adult Care	230.853	228.836	(2.017)
Council Services	43.731	43.731	0.000
Economic Development and Regeneration	1.413	1.456	0.043
Health and Communities (exc. Public Health)	3.619	3.417	(0.202)
Highways, Transport and Infrastructure	79.308	76.482	(2.826)
Strategic Leadership, Culture and Tourism	14.583	14.313	(0.270)
Young People	95.792	99.543	3.751
Total Portfolio Outturn			(1.521)
Interest Income			0.00
Debt Charges and Risk Management			(7.403)
Total			(8.924)

A summary of the individual portfolio positions is detailed below.

Adult Care

There is a projected year-end underspend of £2.017m (assuming that the £12.9m Improved Better Care Fund (iBCF) balance will be fully spent within the year). Further details are set out below:

Purchased Services (£3.247m overspend). The main variances in Purchased Services are:-

Direct Care (£1.519m overspend) - attributed mainly to reduced occupancy levels in the Homes for Older People (HOP)

Prevention and Personalisation (£1.728m overspend) – mainly due to an increase in the number of care packages agreed to enable the authority to meet its Delayed Transfer of Care from hospitals.

Strategic Director (£1.168m underspend) – relates to budgets awaiting allocation during the year. The deterioration of £0.587m since last period was mainly due to a £0.239m budget transfer to HOPs and a £0.254m adjustment to the projected Better Care Fund income.

Commissioning and Performance (£4.097m underspend) – Savings on block contracts (£0.671m), housing related support (£1.163m) and the pooled Integrated Community Equipment Service budgets (£0.540m) account for the main underspends with staffing turnover and vacancies accounting for the remaining underspend.

The budget savings target is £14.795m. A potential £14.631m has been identified of which £12.639m have already been achieved, although it is anticipated the full amount of £14.631m will be achieved in 2017-18.

Council Services

The budget is forecast to break even at year-end, however there are some variances within the portfolio, mainly:

County Property (£0.382m overspend) – under achievement of income target due to the number of empty units. This also results in the Council having to pay business rates on empty units.

Human Resources Division (£0.191m underspend) - the key variance relates to vacancy control.

Corporate Finance & ICT Division (£0.298m underspend) - this is mainly due to vacancy controls and higher than anticipated levels of income from trading with schools which have also contributed.

Council Services has identified £3.015m of savings, of which £2.905m will be achieved, with the balance being met from underspends.

Economic Development and Regeneration

There is a projected year-end overspend of £0.043m, key variances are:

Employment and skills (£0.069m overspend) – due to salary overspend.

Markham Vale Enterprise Growth Zone (£0.022m overspend) - due to the additional staffing required for projects.

Economic Development (£0.048 underspend) – due to vacancy control, in order to offset some of the overspend in Employment and Skills.

Health and Communities

The 2017-18 controllable net budget for the Health and Communities portfolio is £3.619m. This includes the ring-fenced Public Health budget worth £41.618m which is fully funded by the ring-fenced Public Health Grant for 2017-18. The forecast year-end position for the portfolio is an underspend of £0.424m, however, excluding Public Health the underspend is £0.202m. The main variances are:

Community Safety (£0.174m underspend) - mainly due to staff vacancies and an underspend on Community Safety projects.

Public Health (£0.222m underspend) – a large proportion of the underspend continues to be generated from activity-based contracts which are not achieving anticipated levels of service when the contracts were tendered. The underspend at year-end will be transferred into the Public Health Reserve and will help to meet Public Health restructure costs and pay protection arrangements for 2 years from April 2018; it will also be used to support investment in a comprehensive programme of sports and physical activity grants.

A budget savings target of £0.331m has been allocated for 2017-18, of which £0.262m will be achieved. The balance will be achieved in 2018-19.

Highways, Transport and Infrastructure

There is a projected year-end underspend of £2.826m after the previously approved release of funding from the General Reserve in respect of support to local bus services. The key variances are:

Public and Community Transport (£0.339m underspend) – after the allocation of £2.821m in relation to local bus services for which a commitment from the General Reserve remains available following previous Cabinet approvals for £4.750m support over the period 2016-18.

Highway Maintenance (£0.969m overspend). The overspend is due to:

- winter maintenance is currently projected to overspend due to the high level of fixed costs
- the delay in the implementation of the street lighting LED contract.

Planning and Development (£1.051m underspend) - mainly due to higher than budgeted developer fee income.

Waste Management (£2.314m underspend) - this includes £1.388m final year landfill diversion saving, £0.672m in respect of lower than originally expected waste tonnage and £0.326m business rates savings due to the waste treatment facility project delay.

Unallocated Budget Savings (£1.266m overspend) – not yet allocated to specific services.

A savings target of £5.729m has been allocated for the year, of which £2.852m will be achieved. The balance will be met in 2019-20.

Strategic Leadership, Culture and Tourism

A forecast year-end underspend of £0.270m is projected. Key variances are:

Libraries (£0.283m overspend) – mainly due to unachieved savings, although Full Council have agreed support from one-off funding in 2017-18.

Chief Executive's (£0.192m underspend) - this relates to the early achievement of savings in 2014-15 which is being used to provide capacity for essential Council priorities including Communication and Policy, and to manage the budget cuts within the Chief Executive's Office.

Communications (£0.260m underspend) – due to vacancy control within Call Derbyshire.

A savings target of £1.033m has been allocated, of which £0.483m will be achieved in 2017-18, the balance is to be achieved in 2018-19.

Young People

The current forecast year-end position is an overspend of £3.751m after the residual Children's Services prior year underspend, currently held in an Earmarked Reserve, contributes £2.154m. The main variances are:

Early Help and Safeguarding (£7.405m overspend) –contributory factors are increases in:

- numbers of children in care;
- referrals; complexity and;
- use of agency staff.

Advisory Service (£1.237m overspend) – due to the service moving towards being funded from government grant and traded income. This overspend is being covered by an Earmarked Reserve and use of that reserve has already been reflected in the portfolio's projected total overspend.

Child Protection (£0.212m overspend) – due to increases in the number of children with a child protection plan and the number of referrals of children.

Allocations from Grants (£0.119m overspend) - the overspend is due to a shortfall in the re-pooling of contributions from schools and academies towards the Early Help offer.

Finance/HR/Information and Communication Technology /Business Services (£0.661m underspend) - due to vacancy control.

Capital Adjustment (£0.671m underspend) – from full reconciliation of capital allocations to projects. During the year it is anticipated that the full reconciliation will be concluded and that funds will be identified from underspending capital projects to be returned to Children's Services.

A savings target of £6.163m has been allocated, of which £4.623m have been achieved to date. A further £1.283m is expected to be achieved in 2018-19.

Summary

A portfolio underspend of £1.521m is forecast after the use of Earmarked Reserves to partly fund Young People and the use of the General Reserve to support local bus services. Any underspends in 2017-18 will be used to manage the budget in 2018-19.

The Risk Management Budget has an underspend of £7.403m, however, the balance will support the management of a balanced budget in future years.

Details of additional grant income received in-year were reported to Cabinet on 20 July 2017. This resource will be used to help manage the budget in future years, details of which are set out in the Five Year Financial Plan.

Interest on balances is estimated to break even by the year-end. Whilst the interest base rate remains at 0.25%, the Council utilises a range of investments to maximise its income.

Details of the Council's Earmarked Reserves balances as at 31 August 2017 are set out in Appendix One. The recent review of the Council's reserves' balances was reported to Cabinet on 26 October 2017.

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, transport and social value considerations.

4 Background Papers

Papers held in Technical Section, Corporate Finance & ICT, Rooms 137-8.

5 Officer's Recommendation

That Council notes the 2017-18 budget monitoring position as at 31 August 2017.

PETER HANDFORD

Director of Finance & ICT

APPENDIX ONE**Earmarked Reserves as at 31 August 2017**

Adult Care	£m
Adult Care Budget Cut Shortfall	4.472
Adult Care Budget Cut Pump Priming	0.771
Adult Care Replacement ICT System	0.250
Total Adult Care	5.493
Council Services	
Insurance and Risk Management	19.953
Uninsured Financial loss	13.000
Budget Management	7.004
Change Management	5.553
Computer Reserve Fund	4.394
Property IMP scheme	3.933
Property Direct Service Organisation (DSO)	3.359
Corporate Resources Department (CRD) Reserve	2.552
Business Rates Pool	2.260
Derbyshire Property Package	1.953
CRD Under spend	1.918
Corporate Priorities Programme	1.729
PFI Phase 1 reserve	1.531
Other reserves	7.600
Total Council Services	76.737
Economic Development and Regeneration	
D2 Growth Fund	0.200
Approach to Countrywide External Funding	0.171
D2EE Low Carbon Project	0.161
D2 Business Development	0.143
Markham Vale Environment Centre Extension	0.114
Skills Training	0.101
Markham Vale Economic Impact Assessment	0.100
D2N2 Demand Stimulation	0.100
Other reserves	0.044
Total Economic Development and Regeneration	1.134
Health and Communities	m
Derbyshire Sports	1.232
Public Health s256 /Externally Funded Reserve	0.266
Community Safety	0.160
Other reserves	0.195
Total Health and Communities	1.853

Highways, Transport and Infrastructure	£m
Environmental underspends	6.448
Broadband	6.121
Winter Maintenance	2.000
Road Safety Public Service Agreement (PSA)	1.634
IT Reserve	0.960
Direct Labour Organisation (DLO) Reserve Highways	0.911
Derby and Derbyshire Road Safety Partnerships Reserve	0.807
Waste, Performance and Efficiency Grant (WPEG) 2006-07	0.802
Waste Recycling Initiatives	0.391
Other reserves	2.045
Total Highways, Transport and Infrastructure	22.118
Strategic Leadership, Culture and Tourism	
Strategic Policy Budget commitments	1.360
Derbyshire Challenge Fund	0.870
Policy and Research	0.503
Innovations and Transformation	0.330
High Needs Strategic Funding	0.305
Culture and Community Service (CACS) underspend	0.256
Upgrade of Broadband in Libraries	0.255
Derwent Valley Mills World Heritage Site	0.178
Public Service Agreement (PSA) ¹ Reward Grant	0.175
Digital Exclusion	0.101
Other reserves	0.613
Total Strategic Leadership, Culture and Tourism	4.946
Young People	
Tackling Troubled Families	3.521
Capital two year old provision	2.493
Prior year underspend	2.154
Complex Injury	0.929
Primary Teachers' Pooled Premium Reserve	0.688
Children and Younger Adults (CAYA) Earmarked Reserve	0.579
Foster Carers Adaptations	0.415
Kitchen Upgrade and Equipment reserve	0.299
Other reserves	1.21
Total Young People	12.290
Total Earmarked Reserves	124.571
Public Health Grant	6.343
Balances held for and on behalf of schools	
School Balances	35.434
Dedicated Schools Grant (DSG)	7.079
Total balances held for and on behalf of schools	42.513