

Agenda Item No

FOR PUBLICATION

CABINET MEMBER FOR CORPORATE SERVICES & BUDGET

14 October 2021

Joint Report of the Managing Executive Director, Commissioning, Communities and Policy and the Director of Finance & ICT

Performance and Revenue Outturn 2020-21

- 1 Divisions Affected
- 1.1 Not applicable
- 2 Key Decision
- 2.1 This is not a Key Decision

3 Purpose

To provide the Cabinet Member with an update of the Council Plan performance position and the revenue outturn position of the Corporate Services portfolio for 2020-21.

4 Information and Analysis

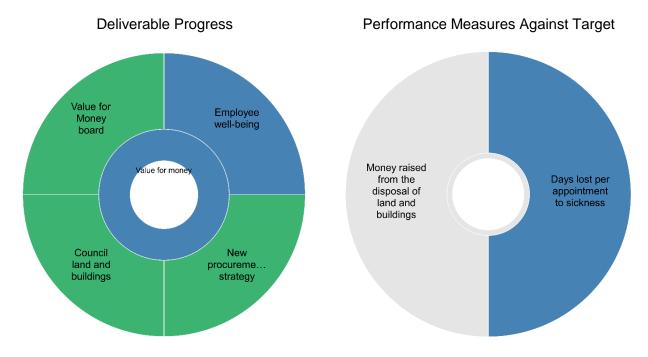
4.1 Integrated Reporting

This report presents both financial and Council Plan performance data. The performance summary sets out progress on the Council Plan deliverables and measures led by the Corporate Services portfolio. The remainder of the report gives a summary and detail on the revenue outturn position for the portfolio.

As an overview, the report shows that progress is "good" or "strong" for all of the Council Plan deliverables led by the portfolio. After the use of additional Covid-19 funding, the outturn position for 2020-21 is an overspend of £0.234m. It is calculated that £2.513m of savings have been achieved by the year end. This compares to target savings of £5.866m and the value of savings initiatives, which have been identified for implementation in the current year, of £4.931m.

4.2 Performance Summary

The following shows an overview of progress on the Council Plan deliverables and measures relating directly to Corporate Services.



Performance Measures Against Target

							2018/2019	2019/2020	2020/2021	Target	Performance
Average number of days lost per appointment to sickness (Not					9.9	10.4	8.7	10.0	*		
including s											
Amount of money raised from the disposal of land and buildings				ings		£2,898,546	£3,961,593				

Progress is "good" or "strong" for all of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- Guidance and training for managers on reporting and monitoring absence has been produced and the work of the Sickness Absence Delivery Group has continued.
- The average number of days lost per appointment during 2020-21 was 8.7, a reduction from 10.4 the previous year and below the target of 10. A new monthly measure of percentage of hours lost is being introduced for 2021-22 alongside the existing measure to provide more information.
- The disposal of 11 property assets during 2020-21 raised £3.961 million.

There are no specific areas for consideration but progress of the Value for Money Board and Procurement Strategy will continue to be monitored to ensure good progress is maintained.

Further information on the portfolio's Council Plan performance is included at Appendix A.

4.3 Outturn Summary

The net controllable budget for the Corporate Services portfolio is £49.419m.

The Revenue Outturn Statement for 2020-21 indicates there is a year-end overspend of £0.234m.

Outturn against target budget

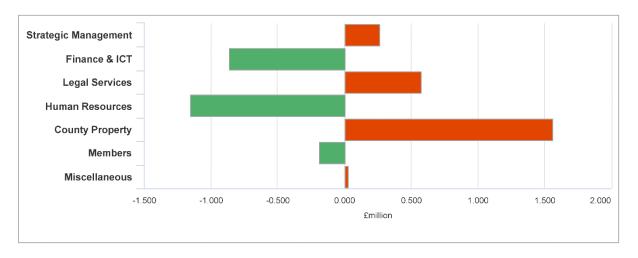


The significant areas which make up the outturn are shown in the following table and graph below:

Corporate Services Budget Items

	Controllable Budget £m	Actual Expenditure £m	Under (-)/ Over Spend £m	Percentage Under (-)/ Over Spend	Budget Performance
Strategic Management	0.163	0.430	0.267	163.8%	
Finance & ICT	21.407	20.544	-0.863	-4.0%	✓
Legal Services	4.511	5.086	0.575	12.7%	[3
Human Resources	8.527	7.374	-1.153	-13.5%	✓
County Property	12.103	13.664	1.561	12.9%	[2]
Members	2.109	1.924	-0.185	-8.8%	✓
Miscellaneous	0.599	0.631	0.032	5.3%	[2]
Total	49.419	49.653	0.234	0.5%	[2]

Under (-)/Over Spend



4.4 Key Variances

4.4.1 Strategic Management, overspend £0.267m

The overspend is predominantly as a result of unallocated efficiencies.

4.4.2 Finance & ICT, underspend £0.863m

The ICT section is planning to make significant savings from restructuring various parts of the business over the next three years, with the first tranche of the review being implemented in 2020/21. The underspend is mainly because of vacancy control, which will assist in managing the ICT restructure more effectively. Corporate Finance are also reporting underspends as a result of vacancy control in preparation for the finance review.

4.4.3 Legal services, overspend £0.575m

Previously planned Legal Services savings of £0.375m have not been achieved as a new Legal Services operating model has not yet been introduced. Work on achieving the new model is underway following the appointment of the Director of Legal Services. The finalisation of the Democratic Services savings target of £0.050m has yet to be determined.

The overspend in Legal Services is on salaries (£0.225m), most of which is within the childcare team where demand in childcare cases led to the employment of an additional 1.6 fte posts. There has also been a need to fill all vacancies due to the excessive work pressures arising from COVID-19.

Democratic Services has incurred additional costs on the support and maintenance of the Audio Visual system in the Council Chamber of £0.016m and £0.011m for the Delegate Conference Solution. In addition, there has been reduced income of £0.020m from the Police and Crime Panel grant, following a reallocation of that funding arising from staff in Democratic Services being utilised on activities other than those to which the grant relates.

The Management and Members Personnel Assistant's budget had savings applied in the financial year 2019/20) which was to be achieved by reducing the staffing budget. This has not happened and as such has resulted in an overspend (£0.031m).

A reduction in costs on equipment rental and an increase in post recharges to user departments due to the new ways of working have resulted in an underspend of £0.157m in the Business Centre.

4.4.4 Human Resources, underspend £1.152m

The main areas of the underspend are: HR Services – underspend on staff costs of £0.725m due to holding vacancies whilst the HR review has been undertaken renegotiation of the payroll contract with Catering £0.065m, increased income generated for advertising and DBS checks £0.052m and a decrease in expenditure with the Derbyshire Business Centre £0.082m. There is vacancy control throughout HR in respect of the continuing HR Review. Phase 2 savings of the HR Review will be realised in 2021-22 as agreed by Cabinet in September 2019. For 2020/21 these savings have been met through use of the CCP underspend reserve. - £0.723m. There is continued vacancy control as a result of the continuing review.

4.4.5 County Property, overspend £1.561m

This is primarily due to the non-achievement of the 2020-21 savings target of £1.893m. Cost reductions of £0.332m have been observed due to the externalisation of the cleaning, caretaking, grounds maintenance services and the Design Team. This includes lower corporate finance support service charges (£0.140m), and lower software maintenance and licence costs (£0.073m). Additionally vacant posts in the Estates Section and Disability Design Team resulted in underspends of £0.045m, together with lower expenditure on professional fees in the Estates Section (£0.030m). Estates Section agency staff costs associated with Compulsory Purchase Orders were also recharged out to ETE and Derby City Council (£0.047m).

4.4.6 Members, underspend £0.185m

The main underspend relates travel & subsistence £0.070m, training £0.040m, catering charges £0.010m and elections underspend £0.010m. The rest is a reduction in use of the Derbyshire Business Centre, printing & stationery etc.

4.5 Covid-19 Funding

The above figures include all additional costs incurred due to Covid-19 and the funding provided to cover those costs. The table below details these areas of expenditure.

	Additional Costs £m	Loss of Income £m	Total £m
F: 0.10T			0.400
Finance & ICT	0.097	0.006	0.103
Legal Services	0.071	0.295	0.366
Human Resources	0.102	0.337	0.439
County Property	1.971	0.953	2.924
Members	0.217	0.000	0.217
Miscellaneous	0.009	0.000	0.009
Total	2.466	1.591	4.057

Covid-19 Funding

4.5.1 Finance & ICT £0.103m

This is predominantly additional technology to facilitate homeworking (£0.096) and loss of income for Exchequer from academisation conversion (£0.006m).

4.5.2 Legal Services £0.366m

The main areas of expenditure relate to additional staff needed to manage increased childcare cases (£0.039m) and loss of income (£0.131m).

Hire of vehicles and fuel usage for delivery of food parcels, PPE and equipment for working from home by the Business Centre (£0.025m) and loss of income due to changes in the way people work (£0.164m).

4.5.3 Human Resources £0.439m

This includes additional expenditure on the Employee assistance programme for support during the pandemic and lost income from training and the work experience programme.

4.5.4 County Property £2.924m

The cessation of service delivery during the first lockdown in order to comply with lockdown restrictions, with only essential maintenance works being carried out and operatives self-isolating following covid symptoms or having tested positive, together with the resulting underrecovery of overheads totalled £1.557m.

Reduction in Disabled Facility Grant funded Design Fee income due to covid-19 restrictions preventing work being completed in private homes £0.588m

Additional labour costs incurred on construction projects due to social distancing £0.411m.

Loss of external income (Staffordshire Moorlands & High Peak Borough Council and Rykneld Homes) due to the closure of customer sites during lockdown preventing normal service delivery £0.214m.

The management of PPE orders and co-ordination of work to make buildings covid safe (based at Salcombe Road) and the packing and delivery of food to vulnerable people throughout Derbyshire from Markham Vale (these costs also include initial building compliance works and the installation of refrigeration) £0.153m

4.5.5 Members Community Leadership Scheme £0.219m

Additional Members Community Leadership grant was awarded to Members to allocate to support the community with the effects of Covid-19.

Budget Savings

Budget reduction targets totalling £5.190m were allocated for the year. Further reductions allocated in prior years, totalling £0.676m, had not been achieved and were brought forward to 2020-21. This resulted in the total reduction targets to be achieved at the start of the year of £5.866m.

The value of the savings initiatives which have been identified for implementation in the current year is £4.931m.

The shortfall between the total targets and the identified savings initiatives is £0.935m.

Budget Savings



The shortfall between the total reductions achieved and the identified savings initiatives at the start of the year is £2.418m. This includes Property's target of £1.893m which has not been achieved due to delays in the disposal or repurposing of buildings. Legal savings of £0.375 have not been achieved this year due to delays in implementing the Legal Services Delivery Model (Core/Core Plus offer) and increased work due to Covid-19.

As planned the HR savings are supported by £0.723m from reserves as this saving was agreed to be achieved over a 2 year time frame and therefore will not be achieved in full until phase two of the HR Service review which commences on 1 April 2021.

Savings achieved include £0.250m on additional interest receipts in Corporate Finance that have been covered by Covid-19 funding this year.

£2.513m of savings have been achieved this year.

The table below shows performance against the target.

Budget Savings Initiatives

	Target	Achieved by the end of 2020/21 £m	Shortfall (-)/ Additional Savings Achieved £m	
ICT Contract review	0.075	0.075	0.000	✓
ICT Benefit from new business systems	0.100	0.100	0.000	✓
ICT Restructure	0.500	0.500	0.000	~
ICT Rationalisation of systems	0.100	0.100	0.000	✓
Corp Fin-Insurance fund contributions	0.350	0.350	0.000	✓
Corp Fin-Additional interest receipts	0.250	0.250	0.000	✓
Corporate Finance restructure	0.140	0.140	0.000	✓
Corp Fin VR/VER Budget	0.018	0.018	0.000	✓
Legal Services	0.375	0.000	-0.375	
Legal-Democratic Services	0.050	0.000	-0.050	
Legal-Business Centre	0.050	0.050	0.000	✓
Property-Introduction of PSP Derbyshire LLP	1.893	0.000	-1.893	P
Review HR structures	0.930	0.930	0.000	✓
Channel Shift	0.100	0.000	-0.100	
Total Position	4.931	2.513	-2.418	
Shortfall/(Surplus) of Identified Savings	0.935	0.000	-0.935	
Budget Savings Target	5.866	2.513	-3.353	
	Budget Reduction Amount £m		'	
Prior Year B/f	0.676			
Current Year	5.190			
Budget Savings Target	5.866			

4.6 Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2020-21:

4.6.1 ICT strategy - £0.200m ongoing

To ensure that ICT is aligned with the requirements of the business, in particular in delivering the Enterprising Council programme.

4.6.2 Grade 9 legal assistant - £0.023m ongoing

The assistant will support the Adult Care team in Legal services.

4.6.3 Legal Services - £0.300m one-off

To support the provision of service due to the level of demand.

4.6.4 GDPR (General Data Protection Regulation) - £0.180m one-off

To fund the completion of the GDPR project.

4.6.5 IKEN (Legal case management platform) - £0.042m one-off

To fund the replacement of the Solcase system in Legal services.

4.7 Earmarked Reserves

Earmarked reserves totalling £59.310m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves

		£m
Insurance and Risk Management	~	17.105
Budget Management	^	11.917
Planned Building Maintenance	^	6.553
Corporate-Business Rates Pool		6.301
Commissioning, Communities and Policy (includes departmental underspend balances)	~	3.165
Computer Reserve Fund	~	2.850
Property IMP 2018	↑	2.406
PFI/BSF	~	1.980
Property DSO	~	1.424
Change Management	~	1.163
Exchequer	~	0.850
Communities Priorities Programme	~	0.833
Core Systems	^	0.726
Property IMP scheme	~	0.591
Property Feasibility Studies		0.494
Property Package Reserve	↑	0.427
Demolition of buildings	~	0.377
Shipley park		0.098
Local Authorities Energy Programme	~	0.050
Total Reserves	^	59.310

Kev

- ♠ Reserve has increased over the final quarter
- = Reserve is unchanged over the final quarter
- Reserve has decreased over the final quarter

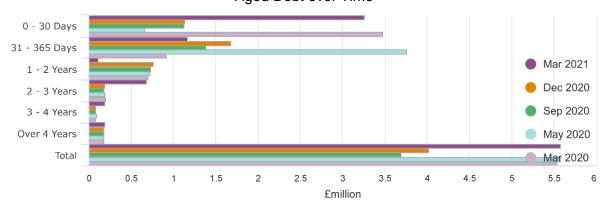
4.8 Debt Position

The profile of the debt raised, relating to income receivable by services within the Commissioning, Communities and Policy department, is as follows:

Debt Position

58.4%	20.8%	1.9%	12.2%	3.3%	3.3%	100.0%
^	~	~	^	4	^	^
3.255	1.161	0.106	0.680	0.186	0.186	5.574
£m	£m	£m	£m	£m	£m	£m
0 - 30 Davs	31 - 365 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	Over 4 Years	Total

Aged Debt over Time



In the year up to 31 March 2021 the value of debt that has been written off totals £0.031m.

5 Alternative Options Considered

5.1 Not applicable

6 Implications

6.1 Not applicable

7 Background Papers

7.1 Held on file within the Commissioning, Communities and Policy Department. Officer contacts – Julia Wilks (finance), Matthew Walters (performance).

8 Appendices

- 8.1 Appendix A Considerations
- 8.2 Appendix B Corporate Services Performance

9 Recommendation

- 9.1 That the Cabinet Member notes the report and considers whether there are any further actions that should be undertaken to improve the budget position moving forwards or to address performance, where it has not met the desired level.
- 10 Reasons for Recommendations
- 10.1 Not applicable
- 11 Is it necessary to waive the call-in period?
- 11.1 No

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EMMA ALEXANDER Managing Executive Director	PETER HANDFORD Director of
Commissioning, Communities and Policy	Finance & ICT

1 Implications

a) Financial

As detailed in the report

b) Other

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, legal and human rights, equal opportunities, human resources, environmental, health and property and transport considerations

APPENDIX A RESTRICTED

Corporate Services End of Year Council Plan Performance Report 2020-21 Progress on Council Plan deliverables and key measures

Value for Money

Ensured Council contract decisions deliver value for money through the Council Value for Money Board

The Value for Money Board took place on 9 March 2021 with review of Economy, Transport and Communities Traffic Management and Children's Services Accommodation and Support Services for Children in Care. Both service/contract reviews were able to demonstrate how the Council is obtaining Value for Money from these services. Dates are now set for quarterly Boards for the remainder of 2021 and early 2022.

Contracts for review at each board are now being identified and these will be agreed with representatives from the relevant business areas.

Improved employee well-being by redefining and reprioritising the Wellbeing Action Plan

The work of the Sickness Absence Delivery Group has continued. A new sickness absence measure based on the percentage of hours lost each month has been developed and tested and will launch in April 2021. The e-learning for managers on reporting sickness absence has been launched and 87% of managers have completed this so far. Further guidance for managers on reporting and monitoring sickness absence has also been produced.

Sickness absence rates for the Council using the current measure of average days lost per appointment have continued to fall and currently stand at 8.7 days, which is 1.3 days below the target for this year of 10 days.

The Health Safety and Wellbeing Functional review has been completed and appointments have been made to all the posts in the new structure ready for its launch at the end of April 2021.

8.7

Days lost per appointment to sickness

31 MAR 21

Maximised the opportunities presented by Covid-19 to reduce our operating footprint, enabling increased operational efficiency through rationalisation of our land and building assets

The rationalisation of the Property portfolio is being carried out in accordance with the modern ways of working programme. 'Corporate Property 2025', a 5 year rolling programme of asset reviews and disposals, has been drawn up and is managed and overseen by the Corporate Asset Management Group. The programme is on target and incorporates:

168 assets prioritised for review and planning in year 1;

A rolling programme of locality reviews embedding One Public Estate within the Property team and forming links with Thriving Communities;

The establishment of strategic and operational level service area governance groups;

Service area representation on the Corporate Asset Management Group and Public Sector Plc Partnership Board.

£3,961,593

Money raised from the disposal of land and buildings

31 MAR 21

APPENDIX A RESTRICTED

The provisional 2020/21 figure for capital receipts shows just under £4 million pounds has been raised from payments against 11 property assets during the year. This is over £1 million higher than the figure raised in 2019/20.

Achieved key milestones in the implementation of the Procurement Strategy to help the Council to procure goods and services at reduced costs which achieve value for money

The Procurement Strategy and implementation action plan identified a number of short-term actions for 2020/21. Actions which have been successfully delivered during 2020/21 include: -

Identifying and cleansing all contract data held across the Council;

Establishing and maintaining a centralised contract register;

Restructuring the Procurement team into a Category Structure and implementing category approaches to procurement;

Introducing a procurement performance measurement system.

The annual review of the Procurement Strategy will now be undertaken to review and reset the short and long-term actions as appropriate.

