

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**11 July 2019**

**Report of the Director of Finance & ICT**

**REVENUE OUTTURN 2018-19**  
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

**1 Purpose of the Report**

To set out the final outturn position for 2018-19, identify significant variations from the revised estimate and identify commitments already agreed against the underspend, together with proposals for the further use of underspends. To also identify the impact of the 2018-19 outturn on future years and any action proposed. The report also sets out the Council's Earmarked Reserves position.

**2 Information and Analysis**

**Financial Context**

The Council has been making significant budget savings since 2010. The Council's Five Year Financial Plan (FYFP) was updated and reported to Full Council in February 2019 (Appendix Six of the Revenue Budget Report 2018-19). It highlights that further budget savings are required until 2023-24.

The outturn position for 2018-19, summarised below, highlights underspends in all portfolios except Young People.

|   | <b>Budget</b>  | <b>Actuals</b> | <b>Outturn</b>  |
|---|----------------|----------------|-----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>       |
| Adult Care                                  | 240.457        | 230.974        | (9.483)         |
| Council Services                            | 44.381         | 43.746         | (0.635)         |
| Economic Development and Regeneration       | 0.868          | 0.682          | (0.186)         |
| Health and Communities (exc. Public Health) | 1.933          | 1.652          | (0.281)         |
| Highways, Transport and Infrastructure      | 77.974         | 76.781         | (1.193)         |
| Strategic Leadership, Culture and Tourism   | 13.276         | 12.852         | (0.424)         |
| Young People                                | 100.337        | 104.557        | 4.220           |
| <b>Total Portfolio Outturn</b>              | <b>479.226</b> | <b>471.244</b> | <b>(7.982)</b>  |
| Risk Management                             | 2.499          | 0.000          | (2.499)         |
| Debt Charges                                | 28.505         | 23.954         | (4.551)         |
| Other Corporate Budgets                     | (22.110)       | (20.136)       | 1.974           |
| <b>Total</b>                                | <b>488.120</b> | <b>475.062</b> | <b>(13.058)</b> |

The reasons for the under/overspends are set out later in the report.

In order to achieve a balanced budget over the medium term the Council is reliant on the achievement of a programme of budget savings. Progress against the budget savings targets will be closely monitored, however, lead-in times for consultation activity and increased demand on services such as Children's Services and Adult Care demographics mean that there is a continued risk of not achieving a balanced budget. Portfolios have requested use of underspends to help manage the budget savings in 2019-20 to 2023-24. The delivery of the Council's FYFP is heavily dependent on an adequate level of General Reserve, the underspend generated in 2018-19 was materially anticipated when the Council took decisions at its budget setting meeting in February 2019. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services.

## Revenue Outturn

Turning to the position for each portfolio:

### Adult Care

The portfolio underspent by £9.483m. The main variations were:

| Service                            | (Under)/Over Spend<br>£m | Main Reason for Outturn Position  |
|------------------------------------|--------------------------|---|
| Purchased Services – all clients   | (1.802)                  | Over-achievement of the target to reduce costs through demand management and a reclaim of costs from another local authority following a successful ordinary residency claim. |
| Pooled Equipment                   | (1.416)                  | Savings made on the Integrated Community Equipment Service pooled with the Derbyshire Clinical Commissioning groups.  |
| Social Care Activity               | (1.428)                  | High level of vacancies due to difficulty in recruiting staff.  |
| Information and Early Intervention | (0.884)                  | Savings on various schemes including Commissioned Carer Services, Healthwatch and Dementia Services and Direct Payment Employment Support.                                    |
| Commissioning and Service Delivery | (0.715)                  | Vacancy management and efficiency measures.   |
| Housing Related Support            | (0.913)                  | Under-utilisation on a number of spot contracts.  |
| Unallocated Budgets                | (2.032)                  | Balance of budget growth not allocated to services.   |
| Other - Net Underspend             | (0.293)                  | -   |
| <b>TOTAL</b>                       | <b>(9.483)</b>           |   |

Of the £9.483m underspend, it is proposed that £7.324m be transferred to an Earmarked Reserve to contribute to the capital cost of implementing the Older People's Housing Strategy and the remaining £2.159m is transferred to other Adult Care Earmarked Reserves.

The budget savings target for 2018-19 was £4.973m, with a further £1.122m brought forward from previous years. All of this total target of £6.095m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                                  | <b>£m</b>    |
|---|--------------|
| Consolidation of Block Contracts                    | 0.200        |
| Reduction in Commissioning and Performance Staffing | 0.225        |
| Demand Management                                   | 2.500        |
| Use of Improved Better Care Fund                    | 3.170        |
| <b>Total Savings Achieved 2018-19</b>               | <b>6.095</b> |

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>         | <b>£m</b>    |
|--|--------------|
| Adult Social Care Support Grant        | 2.267        |
| Winter Pressures Grant                 | 3.627        |
| <b>One-Off Funding/Savings 2018-19</b> | <b>5.894</b> |

## **Council Services**

The portfolio underspent by £0.635m. The main variations were:

| <b>Service</b>       | <b>(Under)/Over Spend<br/>£m</b> | <b>Main Reason for Outturn Position</b>   |
|----------------------|----------------------------------|---|
| Strategic Management | (0.429)                          | Achievement of additional savings from previous years' budget reduction initiatives. These savings will be re-allocated to other pressures within the division. |

|                         |         |   |
|-------------------------|---------|---|
| Finance and ICT         | (0.883) | Vacancy control, especially in the ICT division. The new approved ICT Strategy will reduce the level of these vacancies, to enable its target outcomes to be achieved. Additional income has also been achieved from services provided to schools and the Welsh Government. |
| Legal Services          | 0.183   | Delays in achieving budget savings. These savings will be achieved by a restructure of the service, which is currently in progress.   |
| Human Resources         | (0.516) | The service is currently conducting a major review of the HR function across the Council. A number of posts have been held vacant, to help meet savings targets in future years and also to give some flexibility when implementing the review.                             |
| Industrial Development  | 0.676   | Under achievement of the income target for industrial estate properties. A number of the units are leased to charities at below market rates, others are benefitting from rent free periods to attract businesses and offset maintenance costs.                             |
| County Buildings        | 0.451   | A significant increase in spend on day to day maintenance of Council buildings, particularly on the County Hall complex. An unplanned payment was made to High Peak Borough Council for running costs of Glossop Municipal Buildings backdated to 2016-17.                  |
| County Property - Other | (0.111) | -   |

|                        |                |   |
|------------------------|----------------|---|
| Members                | (0.005)        | - |
| Other - Net Underspend | (0.001)        | - |
| <b>TOTAL</b>           | <b>(0.635)</b> |   |

The budget savings target for 2018-19 was £1.446m. Of this target, £1.342m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                          | <b>£m</b>    |
|---|--------------|
| HR Staffing                                 | 0.126        |
| Legal Services Staffing and Income          | 0.105        |
| Reduction in Contribution to IT Reserve     | 0.170        |
| Wide Area Network Contract                  | 0.200        |
| Property Staffing                           | 0.050        |
| Property Income                             | 0.411        |
| Lullington Traveller Site                   | 0.045        |
| Reduction in Contribution to Insurance Fund | 0.105        |
| Reduction in Support to SAP Developments    | 0.130        |
| <b>Total Savings Achieved 2018-19</b>       | <b>1.342</b> |

It is now anticipated that £0.075m of planned savings relating to Legal Services may not be achieved because of workload issues. However, the service is currently undertaking a review of its functions.

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>                         | <b>£m</b>    |
|--|--------------|
| Corporate Property Asset Valuations (Service Pressure) | 0.066        |
| Budget Savings Shortfall Support (Service Pressure)    | 0.143        |
| <b>One-Off Funding/Savings 2018-19</b>                 | <b>0.209</b> |

## Economic Development and Regeneration

The portfolio was underspent by £0.186m. The main variations were:

| Service              | (Under)/Over Spend<br>£m | Main Reason for Outturn Position  |
|----------------------|--------------------------|---|
| Economic Development | (0.233)                  | Funding within the Enhanced Enterprise and Investment Service is set aside to lever in external funding. Suitable projects, which deliver sufficient value for money, have not been identified this year to secure this funding, so it remains unspent. |
| Markham Vale         | 0.041                    | -   |
| Coalite              | 0.006                    | -   |
| <b>TOTAL</b>         | <b>(0.186)</b>           |   |

The budget savings target for 2018-19 was £0.325m. Of this target, £0.106m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| Description                           | £m           |
|---------------------------------------|--------------|
| Markham Growth Zone                   | 0.106        |
| <b>Total Savings Achieved 2018-19</b> | <b>0.106</b> |

The full savings target was not achieved in 2018-19 because of slippage in the programme; however, the remainder is expected to be achieved in 2019-20.

## Health and Communities

The portfolio was underspent by £0.281m. The main variations were:

| Service            | (Under)/Over Spend<br>£m | Main Reason for Outturn Position              |
|--------------------|--------------------------|---|
| Community Safety   | (0.150)                  | Reduction of expenditure on one off projects. |
| Emergency Planning | (0.074)                  | -   |

|                   |                |  |
|-------------------|----------------|--|
| Trading Standards | (0.003)        | -  |
| Coroners          | 0.048          | -  |
| Registrars        | (0.102)        | Vacancy control and higher income generated than anticipated from services provided. |
| <b>TOTAL</b>      | <b>(0.281)</b> |  |

The budget savings target for 2018-19 was £0.082m. However, £0.147m of savings were actually achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                    | <b>£m</b>    |
|---------------------------------------|--------------|
| Community Safety                      | 0.052        |
| Trading Standards                     | 0.030        |
| Registrars                            | 0.065        |
| <b>Total Savings Achieved 2018-19</b> | <b>0.147</b> |

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>                              | <b>£m</b>    |
|---|--------------|
| Trading Standards - Older People Support (Service Pressure) | 0.082        |
| <b>One-Off Funding/Savings 2018-19</b>                      | <b>0.082</b> |

### Highways, Transport and Infrastructure

The portfolio was underspent by £1.193m. The main variations were:



| Service                        | (Under)/Over Spend<br>£m | Main Reason for Outturn Position  |
|--------------------------------|--------------------------|---|
| Highway Maintenance            | 0.352                    | <p>The winter maintenance budget has overspent by £1.943m, partly because of costs arising from the long and severe winter of 2017-18 extending into the 2018-19 financial year. This was offset by an underspend in routine maintenance.</p> <p>Additional grant of £8.414m was allocated from the Department for Transport in November 2018 for the purpose of repairing potholes, keeping local bridges and structures open and safe, and other minor highway works. Due to time limitations on the funding, the Council has focused on the interventions prescribed by the grant. This has resulted in a reduction in planned expenditure on other budgets.</p> |
| Public and Community Transport | (0.323)                  | There has been less take up of Concessionary Fares (Gold Card) than expected.   |

|                            |                |   |
|----------------------------|----------------|---|
| Waste Management           | (2.403)        | Electricity income from the New Waste Treatment Facility (NWTF) has been greater than forecast (£0.808m) and Business Rates have not been paid because of the delay in commissioning the NWTF (£0.340m). Stanton Transfer Station costs have reduced (£0.225m) and recycling credit payments were less than budgeted (£0.230m). Also, waste tonnages in 2018-19 have been less than forecast (£0.795m). |
| Planning and Development   | (1.639)        | Over-recovery of £1.973m of Section 38 and 278 (Highways Act 1980) agreements and planning application fee income. This was offset by a saving target of £0.518m which has yet to be allocated within these services.   |
| Resources and Improvement  | (0.303)        | Vacancy control.  |
| Unallocated Budget Savings | 3.321          | This relates to savings which have not yet been allocated to specific services and is therefore an overspend.   |
| Other - Net Underspend     | (0.198)        | -   |
| <b>TOTAL</b>               | <b>(1.193)</b> |   |

The budget savings target for 2018-19 was £2.127m, with a further £2.794m brought forward from previous years. Of this total £4.921m target, £1.106m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                    | <b>£m</b>    |
|---------------------------------------|--------------|
| Street Lighting LEDs                  | 0.196        |
| School Crossing Patrollers            | 0.060        |
| Winter Maintenance                    | 0.500        |
| Gold Card Concessionary Fares         | 0.250        |
| Road Safety                           | 0.100        |
| <b>Total Savings Achieved 2018-19</b> | <b>1.106</b> |

The following budget savings were not fully achieved in 2018-19:

- Street Lighting LED project because of the late implementation of the contract.
- Road Safety because of a delay in relevant legislation being passed.

These savings are expected to be achieved in full in 2019-20.

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>                 | <b>£m</b>    |
|--|--------------|
| Waste Management Costs (Service Pressure)      | 0.634        |
| Business Rates - NWTF Delayed Use              | 0.340        |
| Highways Maintenance (Service Pressure)        | 1.000        |
| Street Lighting Energy (Service Pressure)      | 0.148        |
| Planning Monitoring Systems (Service Pressure) | 0.110        |
| HS2 Co-ordination Officer (Service Pressure)   | 0.064        |
| <b>One-Off Funding/Savings 2018-19</b>         | <b>2.296</b> |

## **Strategic Leadership, Culture and Tourism**

The portfolio was underspent by £0.424m. The main variations were:

| <b>Service</b> | <b>(Under)/Over Spend<br/>£m</b> | <b>Main Reason for Outturn Position</b>                     |
|----------------|----------------------------------|---|
| Communications | (0.331)                          | Staff turnover and vacancies, mainly in the Contact Centre. |
| Policy         | (0.127)                          | Staff turnover and a reduction in running costs.            |
| Libraries      | (0.019)                          | -   |
| Conservation   | 0.082                            | -   |

|                      |                |   |
|----------------------|----------------|---|
| Tourism and Twinning | (0.029)        | - |
| <b>TOTAL</b>         | <b>(0.424)</b> |   |

The budget savings target for 2018-19 was £0.568m, with a further £0.220m brought forward from previous years. Of this total £0.788m target, £0.080m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                    | <b>£m</b>    |
|---------------------------------------|--------------|
| Museum Staff                          | 0.040        |
| Historic Buildings                    | 0.040        |
| <b>Total Savings Achieved 2018-19</b> | <b>0.080</b> |

Environmental Studies and Forest Schools were allocated a saving of £0.120m, but this will not be achieved until 2020-21.

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>                      | <b>£m</b>    |
|---|--------------|
| Budget Savings Shortfall Support (Service Pressure) | 0.278        |
| <b>One-Off Funding/Savings 2018-19</b>              | <b>0.278</b> |

## Young People

The portfolio was overspent by £4.220m. The main variations were:

| <b>Service</b>               | <b>(Under)/Over Spend<br/>£m</b> | <b>Main Reason for Outturn Position</b>   |
|------------------------------|----------------------------------|---|
| Block Purchase Accommodation | 0.545                            | During 2018-19, a greater proportion of the places available have been taken by 16/17 year olds, as opposed to asylum-seeking children or care leavers. Accommodation providers cannot claim housing benefit for young people under the age of 18, which increases the cost to the Council. |

|  |         |   |
|--|---------|---|
| Residential Provision - Outside Agencies | 2.939   | Increased numbers of children who are placed in residential care with outside agencies and an increase in the costs of those agencies meeting the needs of the children placed with them.   |
| Special Guardianship                     | 0.646   | A continued increase in the number of children placed with a carer.   |
| Disabled Children's Services             | 1.613   | An increase in direct payments to support disabled children and their families. Increased expenditure on placements for disabled children because of an increase in places provided by external agencies. There is also a budget reduction applied to the service which has yet to be achieved. |
| Adoption support                         | 0.428   | Increased expenditure on adoption fees paid to other organisations for finding adoptive families for Derbyshire children.   |
| Legal Charges                            | 1.325   | The number of proceedings and the complexity of cases is increasing, which requires more payments for specialist advice and support and increased court fees.   |
| Asylum Seeking Children                  | (0.688) | Fewer children and young people being supported during 2018-19. Additionally, the mix of young people by age has meant that a greater proportion of costs have been covered by the grants from the Home Office than budgeted.   |

|   |         |   |
|---|---------|---|
| Fostering - Outside Agencies  | 2.341   | Increased numbers of children in care where Derbyshire foster families are unable to provide a foster home. This can be due to a lack of placement availability with Derbyshire foster families, or because the needs of the children cannot be met by a Derbyshire foster family.  |
| Semi-Independent Living for Children in Care                                    | 1.121   | Increased number of children in care accommodated by the Council.   |
| Youth Service/Multi-agency Early Help Teams                                     | (1.606) | Vacancy control.  |
| Contribution from Schools and Dedicated Schools Grant (DSG) to Early Help Offer | 1.424   | There has been a shortfall in the contributions received from schools. A number of schools are opting to provide early help and support to children and young people themselves or via other arrangements. A new formula for calculating the allocation of the DSG to local authorities, coupled with new requirements, means that the level of support originally envisaged can no longer be provided. |
| Support to Families in Need   | 0.507   | Increased costs because of an increase in the number of families in need that are seeking financial support, linked to the introduction of universal credit and families affected during and after transition to the new arrangements. There is also an increase in the number of families that have no other recourse to public funds where support payments have been made.                           |

|   |       |   |
|---|-------|---|
| Home to School Transport                      | 1.979 | Increased costs because of an increase in numbers of students with educational needs that are being transported, an increased proportion of sole journeys rather than shared vehicles and an increased need for specialist vehicles for some children. Also, transport to Pupil Referral Units is now charged to the Council's budgets. |
| Pooled Budget for Children with Complex Needs | 0.497 | There has been an increase in the number of children and young people, with the most complex needs, qualifying for access to this pooled resourcing arrangement between the Council and the Clinical Commissioning Groups. The overspend is based on the Council's cost-share of the pooling arrangement.                               |

|   |              |   |
|---|--------------|---|
| One-off spend, releases from reserves and other temporary reductions in spend | (5.698)      | £2.603m of temporary underspends occurred because of unfilled vacancies, additional grant income and other resources. Expenditure has been delayed, where possible, to mitigate against overspends because of social care demand pressures. £1.763m of budget growth allocated was not required for 2018-19, as expenditure will not commence until 2019-20, the largest element of which relates to social workers where not all posts have yet been recruited to. £0.803m of earmarked reserves have been released. The residual underspend is primarily overhead recovery from those services that are trading with schools and other organisations. |
| Unallocated Budgets   | (0.598)      | Held to support overspending demand-led budgets such as placements for children in care.  |
| Other - Net Underspend  | (2.555)      | Mainly because of unfilled vacancies for part of the year and savings of a one-off nature.  |
| <b>TOTAL</b>  | <b>4.220</b> |   |

The budget savings target for 2018-19 was £2.906m. Of this target, £2.434m was achieved by the end of the financial year.

Savings were achieved in 2018-19 in the following areas:

| <b>Description</b>                           | <b>£m</b> |
|--|-----------|
| Sport and Outdoor Education                  | 0.107     |
| Aftercare                                    | 0.210     |
| Section 17, Flexible Budgets and ELE support | 0.010     |
| Preventing Family Breakdown                  | 0.040     |
| SEND Team Restructure                        | 0.275     |



|  |              |
|--|--------------|
| Access and Inclusion                                   | 0.153        |
| Finance  | 0.021        |
| HR and Workforce Development                           | 0.178        |
| Quality, Performance and Participation                 | 0.020        |
| Information and ICT                                    | 0.030        |
| Ongoing Pensions Payments                              | 0.148        |
| Education Psychology                                   | 0.149        |
| Care Leavers Employment Project                        | 0.030        |
| Donut Arts Centre                                      | 0.072        |
| Joint Projects   | 0.011        |
| Increased contribution from grants to fund services    | 0.014        |
| Reduction in Early Help                                | 0.300        |
| Catering   | 0.211        |
| Education Services Grant contributions from LA Schools | 0.455        |
| <b>Total Savings Achieved 2018-19</b>                  | <b>2.434</b> |

One-off factors which supported the 2018-19 outturn position were as follows:

| <b>One-Off Funding/Savings</b>   | <b>£m</b>     |
|--|---------------|
| Funding from reserves and other temporary reductions in spend, offset by one-off spend | 5.698         |
| Children's Services Demographics (Service Pressure)                                    | 4.000         |
| Children's Social Care Remodelling (Service Pressure)                                  | 4.000         |
| Care Leavers (Service Pressure)  | 0.402         |
| Child Protection Staff (Service Pressure)  | 0.150         |
| Organisation Models for Small Schools (Service Pressure)                               | 0.380         |
| <b>One-Off Funding/Savings 2018-19</b>   | <b>14.630</b> |

## Corporate Budgets

Corporate budgets were underspent by £5.076m. The main variations were:

| <b>Service</b>  | <b>(Under)/Over Spend<br/>£m</b> | <b>Main Reason for Outturn Position</b>                |
|-----------------|----------------------------------|--|
| Risk Management | (2.499)                          | Additional funding received in-year.                   |
| Debt Charges    | (4.551)                          | Delays in the implementation of the capital programme. |

|                         |                |  |
|-------------------------|----------------|--|
| Other Corporate Budgets | 1.974          | More income from interest and dividends than planned (£0.445m), offset by impairment of investments (£0.553m) and unallocated budget savings of £1.812m. |
| <b>TOTAL</b>            | <b>(5.076)</b> |  |

As part of the Council's budget setting for 2019-20, the vast majority of any ongoing underspend on these budgets was allocated to fund significant service pressures in other areas, principally around services to children.

### Dedicated Schools Grant (DSG)

The DSG is a ring-fenced grant comprising four individual blocks: Schools Block, High Needs Block, Early Years Block and Central Block. Allocations of the blocks are governed by the Schools and Early Years Finance Regulations. Any underspend or overspend on the grant is carried forward to future years, within the accumulated balance of the DSG Earmarked Reserve.

There was an overspend on DSG of £0.807m. The main variations were:

| Service               | (Under)/Over Spend<br>£m | Main Reason for Outturn Position   |
|-----------------------|--------------------------|--|
| High Needs Block      | 3.975                    | Higher than planned spend on top-ups: £2.365m on special schools provision, £0.796m on post-16, £0.562m for secondary schools and academies and £0.290m direct payments. |
| Central Early Years   | (0.269)                  | Underspend arising from unfilled staffing vacancies.   |
| Other central budgets | (0.283)                  | Approved plan to leave £0.300m of the 2018-19 DSG unallocated so that it could be transferred to the reserve for pre- and post-opening grants for new schools.           |

|  |              |  |
|--|--------------|--|
| School KS1 class size fund   | (0.291)      | Reduced expenditure because financial support was restricted in 2018-19 to schools with fewer than 300 pupils on roll.   |
| Schools' re-pooled budgets   | (0.251)      | Underspend on insurance and refunds of maternity costs to schools, offset by increased contingency support to schools with financial challenges.   |
| Schools' top-sliced funds  | (0.187)      | Lower redundancy costs than the top-sliced funds collected.  |
| Free Childcare for Disadvantaged 2 year-olds   | (0.044)      | -  |
| 3 & 4 year-olds in Private Voluntary and Independent (PVI) settings, schools and academies | 0.025        | -  |
| Grant Income   | (1.868)      | Additional High Needs Block funding of £1.600m awarded in December 2018 and savings to the Council which arise in the year a school converts to an academy because of eligibility of the converting school to 80% rate relief. |
| <b>TOTAL</b>   | <b>0.807</b> |  |

### Public Health Grant

The Public Health Grant is a ring-fenced grant. Any underspend or overspend on the grant is carried forward to future years, within the accumulated balance of the Public Health Grant Earmarked Reserve.

There was an underspend on the Public Health Grant of £2.790m. The main variations were:

| <b>Service</b>                      | <b>(Under)/Over Spend<br/>£m</b> | <b>Main Reason for Outturn Position</b>  |
|-------------------------------------|----------------------------------|--|
| Live Life Better Derbyshire Service | (1.335)                          | In-house service not yet operating to full capacity.   |
| Sexual Health Contract              | (0.455)                          | Activity based elements did not meet anticipated levels.   |
| Substance Misuse                    | (0.342)                          | Costs of the Residential Rehab Treatment and Inpatient Detox services were lower than anticipated. |
| Smoking Cessation                   | (0.154)                          | Activity did not meet anticipated levels.  |
| Health Checks                       | (0.148)                          | Activity did not meet anticipated levels.  |
| Other - Staffing vacancies          | (0.314)                          | Vacancies.   |
| Other - Net Underspend              | (0.042)                          | -  |
| <b>TOTAL</b>                        | <b>(2.790)</b>                   |  |

### General and Earmarked Reserves

The balance on the General Reserve is £64.570m as at 31 March 2019, however there are commitments held against the balance, which are detailed in the summary below.

Earmarked Reserves are held to meet known or predicted liabilities and the funds should be used for the item for which they have been set aside. Any funds no longer required are returned to the General Reserve. The Council reviews the level of Earmarked Reserve at least annually.

The Council will undertake a review of reserves later in the year and report the outcomes to Cabinet in due course.

A summary of outstanding balances on Earmarked Reserves as at 31 March 2019 are shown in Appendix Two.

## Summary

All Portfolios, with the exception of Young People, achieved underspends.

There continues to be pressures on social care, which has resulted in a significant overspend in the Young People portfolio. The overspend in Young People was, in the main, driven by increased demand for Social Care support, such as placements for children in care, alternative arrangements for children unable to live with parents and increased numbers of children whose safety and well-being requires monitoring, through child protection plans and associated social worker support. The Council does not have the capacity to meet all of this increased demand from its internal resources so is placing increasing reliance on more expensive external services and service provision outside the Derbyshire locality.

The overspend on the Young People portfolio will be met from the General Reserve.

The underspend in Adult Care was, in the main, due an over-achievement of savings in the year.

The underspend in the Highways, Transport and Infrastructure portfolio has resulted from the receipt of more income from developer fees and waste management expenditure being less than expected, mainly because of lower waste tonnages and higher income receipts from electricity generation at the New Waste Treatment Facility. The extent of the underspend was reduced by budget savings which have yet to be identified and allocated to specific service areas.

There have also been underspends on corporate budgets, in Debt Charges and Risk Management. The underspend on the Risk Management budget largely relates to additional funding received in-year. The underspend on the Debt Charges budget is mainly due to delays in the implementation of the capital programme.

Departments have continued to look for ways of working more efficiently and effectively to reduce costs or generate additional income. To provide flexibility in meeting budget pressures and reduction targets it is proposed that portfolio underspends will be carried forward in departmental Earmarked Reserves. In addition, the process of detailed review of Earmarked Reserves will continue and any available balance will be returned to the General Reserve, as appropriate. Any decisions on the use of departmental Earmarked Reserves containing underspends will continue to be subject to appropriate approvals, either by Executive Director or Cabinet Member.

A summary of the achievement of budget savings in the year for each portfolio is provided in Appendix Three.

The General Reserve stands at £64.570m in the Council's Pre-Audit Statement of Accounts as at 31 March 2019. There are commitments held against this balance as follows:

### General Reserve at 31 March 2019

|  | £m            |
|--|---------------|
| <b>Balance in Pre-Audit Accounts</b>   | <b>64.570</b> |
| <b>Less: Allocations to Portfolios*</b>  |               |
| Adult Care   | (9.483)       |
| Council Services   | (0.635)       |
| Economic Development and Regeneration  | (0.186)       |
| Health and Communities   | (0.281)       |
| Highways, Transport and Infrastructure   | (1.193)       |
| Strategic Leadership, Culture and Tourism  | (0.424)       |
| <b>Balance After Commitments</b>   | <b>52.368</b> |
| <b>Anticipated Balance Expected as part of FYFP in Revenue Budget Report 2019-20</b> | <b>46.864</b> |

\* Use of departmental Earmarked Reserves containing underspends subject to appropriate approvals, either by Executive Director or Cabinet Member.

### 3 Financial Considerations

As outlined above.

### 4 Other 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.

### 5 Background Papers

Papers held in Technical Section, Room 137, Finance & ICT.

### 6 Key Decision

No

**7 Is it necessary to waive the call-in period?**

No

**8 Officer's Recommendation**

That Cabinet:

- Notes the departmental outturn position for 2018-19;
- Notes the position on General and Earmarked Reserves;
- Approves the allocation of underspend amounts to Portfolios;
- Notes that requests for use of underspends in departmental Earmarked Reserves will be subject to appropriate approval, either Executive Director or Cabinet Member.

PETER HANDFORD

Director of Finance & ICT

## Summary of Underspends

|  | Budget<br>£m   | Actual<br>£m   | (Underspend)/<br>Overspend<br>£m | Commitments<br>£m | Balance after<br>Commitments<br>£m | Allocation for<br>use of<br>Underspends<br>£m | Balance to<br>remain in<br>General<br>Reserve<br>£m |
|--|----------------|----------------|----------------------------------|-------------------|------------------------------------|---|---|
| <b>Adult Care</b>  | 240.457        | 230.974        | (9.483)                          | 0.000             | (9.483)                            | 9.483   | 0.000   |
| <b>Council Services</b>                                  | 44.381         | 43.746         | (0.635)                          | 0.000             | (0.635)                            | 0.635   | 0.000   |
| <b>Economic<br/>Development and<br/>Regeneration</b>     | 0.868          | 0.682          | (0.186)                          | 0.000             | (0.186)                            | 0.186   | 0.000   |
| <b>Health and<br/>Communities*</b>                       | 1.933          | 1.652          | (0.281)                          | 0.000             | (0.281)                            | 0.281   | 0.000   |
| <b>Highways,<br/>Transport and<br/>Infrastructure</b>    | 77.974         | 76.781         | (1.193)                          | 0.000             | (1.193)                            | 1.193   | 0.000   |
| <b>Strategic<br/>Leadership, Culture<br/>and Tourism</b> | 13.276         | 12.852         | (0.424)                          | 0.000             | (0.424)                            | 0.424   | 0.000   |
| <b>Young People</b>                                      | 100.337        | 104.557        | 4.220                            | 0.000             | 4.220                              | 0.000   | (4.220)   |
| <b>Risk Management</b>                                   | 2.499          | 0.000          | (2.499)                          | 0.000             | (2.499)                            | 0.000   | 2.499   |
| <b>Debt Charges</b>                                      | 28.505         | 23.954         | (4.551)                          | 0.000             | (4.551)                            | 0.000   | 4.551   |
| <b>Other Corporate<br/>Budgets</b>                       | (22.110)       | (20.136)       | 1.974                            | 0.000             | 1.974                              | 0.000   | (1.974)   |
| <b>TOTAL</b>   | <b>488.120</b> | <b>475.062</b> | <b>(13.058)</b>                  | <b>0.000</b>      | <b>(13.058)</b>                    | <b>12.202</b>                                 | <b>0.856</b>  |

\*the ring-fenced Public Health underspend of £2.790m will be transferred to the Public Health Earmarked Reserve.



## Earmarked Reserves

|  | 31 Mar<br>2018<br>£m | Transfers       |               | 31 Mar<br>2019<br>£m |
|--|----------------------|-----------------|---------------|----------------------|
|  |                      | In<br>£m        | Out<br>£m     |                      |
| <b>Adult Care</b>                            |                      |                 |               |                      |
| Older People's Housing Strategy              | 0.000                | (22.676)        | 0.000         | (22.676)             |
| Other reserves                               | (4.182)              | (0.098)         | 3.997         | (0.283)              |
| <b>Sub Total</b>                             | <b>(4.182)</b>       | <b>(22.774)</b> | <b>3.997</b>  | <b>(22.959)</b>      |
| <b>Council Services</b>                      |                      |                 |               |                      |
| Budget Management                            | (20.850)             | (22.282)        | 12.340        | (30.792)             |
| Loan Modification Gains/Losses               | 0.000                | (29.224)        | 0.784         | (28.440)             |
| Insurance and Risk Management                | (20.627)             | (0.086)         | 0.643         | (20.070)             |
| Revenue Contributions to Capital             | (6.533)              | (17.081)        | 6.533         | (17.081)             |
| Planned Building Maintenance                 | (6.517)              | (1.200)         | 1.435         | (6.282)              |
| Business Rates Strategic Investment Fund     | 0.000                | (4.889)         | 0.000         | (4.889)              |
| Uninsured Financial Loss                     | (13.000)             | 0.000           | 9.500         | (3.500)              |
| PFI Phase 1                                  | (3.210)              | (0.211)         | 0.075         | (3.346)              |
| Computer Purchasing                          | (4.923)              | (0.100)         | 1.808         | (3.215)              |
| Change Management                            | (4.133)              | (0.097)         | 1.851         | (2.379)              |
| Property DSO                                 | (2.955)              | (1.693)         | 2.947         | (1.701)              |
| Other reserves                               | (12.555)             | (10.391)        | 9.537         | (13.409)             |
| <b>Sub Total</b>                             | <b>(95.303)</b>      | <b>(87.254)</b> | <b>47.453</b> | <b>(135.104)</b>     |
| <b>Economic Development and Regeneration</b> |                      |                 |               |                      |
| D2 Growth Fund                               | (0.200)              | 0.000           | 0.000         | (0.200)              |
| Markham Environment Centre                   | (0.114)              | 0.000           | 0.000         | (0.114)              |
| Skills Training                              | (0.101)              | 0.000           | 0.000         | (0.101)              |
| Other reserves                               | (0.572)              | (0.009)         | 0.163         | (0.418)              |
| <b>Sub Total</b>                             | <b>(0.987)</b>       | <b>(0.009)</b>  | <b>0.163</b>  | <b>(0.833)</b>       |
| <b>Health and Communities</b>                |                      |                 |               |                      |
| Public Health Grant                          | (6.811)              | (2.790)         | 2.000         | (7.601)              |
| Domestic Abuse                               | 0.000                | (2.000)         | 0.000         | (2.000)              |
| S256/External Funding                        | (0.343)              | 0.000           | 0.089         | (0.254)              |
| Other reserves                               | (0.364)              | (0.097)         | 0.024         | (0.437)              |
| <b>Sub total</b>                             | <b>(7.518)</b>       | <b>(4.887)</b>  | <b>2.113</b>  | <b>(10.292)</b>      |

**Public  
Appendix Two**

|  | 31 Mar<br>2018<br>£m | Transfers        |               | 31 Mar<br>2019<br>£m |
|--|----------------------|------------------|---------------|----------------------|
|  |                      | In<br>£m         | Out<br>£m     |                      |
| <b>Highways, Transport and Infrastructure</b>        |                      |                  |               |                      |
| Prior Year Underspends                               | (6.056)              | (3.690)          | 0.460         | (9.286)              |
| Broadband  | (5.430)              | (0.691)          | 2.190         | (3.931)              |
| Winter Maintenance                                   | (2.000)              | 0.000            | 0.000         | (2.000)              |
| Road Safety Public Service Agreement (PSA)           | (1.217)              | 0.000            | 0.035         | (1.182)              |
| Derby and Derbyshire Road Safety Partnership Reserve | (0.805)              | (0.027)          | 0.247         | (0.585)              |
| IT Reserve   | (0.554)              | (0.110)          | 0.105         | (0.559)              |
| Waste Recycling Initiatives                          | (0.391)              | 0.000            | 0.000         | (0.391)              |
| Other reserves                                       | (3.006)              | (0.307)          | 1.514         | (1.799)              |
| <b>Sub Total</b>                                     | <b>(19.459)</b>      | <b>(4.825)</b>   | <b>4.551</b>  | <b>(19.733)</b>      |
| <b>Strategic Leadership, Culture and Tourism</b>     |                      |                  |               |                      |
| Policy & Research                                    | (1.292)              | 0.000            | 0.238         | (1.054)              |
| Prior Year Underspends                               | (1.398)              | (0.008)          | 0.493         | (0.913)              |
| Derbyshire Challenge Fund                            | (0.678)              | (0.192)          | 0.304         | (0.566)              |
| Library Restructure                                  | 0.000                | (0.429)          | 0.000         | (0.429)              |
| High Needs Strategic Funding                         | (0.600)              | 0.000            | 0.358         | (0.242)              |
| Derwent Valley Mills World Heritage Site             | (0.216)              | 0.000            | 0.023         | (0.193)              |
| Other reserves                                       | (1.689)              | (0.068)          | 1.161         | (0.596)              |
| <b>Sub Total</b>                                     | <b>(5.873)</b>       | <b>(0.697)</b>   | <b>2.577</b>  | <b>(3.993)</b>       |
| <b>Young People</b>                                  |                      |                  |               |                      |
| Schools Balances                                     | (31.303)             | (5.406)          | 10.666        | (26.043)             |
| Dedicated Schools Grant (DSG)                        | (10.036)             | (0.079)          | 4.512         | (5.603)              |
| Tackling Troubled Families                           | (4.161)              | (2.831)          | 2.909         | (4.083)              |
| Prior Year Underspends                               | (0.853)              | 0.000            | 0.107         | (0.746)              |
| School Rates Refunds                                 | (0.399)              | (0.201)          | 0.000         | (0.600)              |
| Primary Teacher Pool Premium                         | (0.511)              | (0.496)          | 0.511         | (0.496)              |
| Youth Activity Grants                                | (0.375)              | 0.000            | 0.045         | (0.330)              |
| Foster Carer Adaptations                             | (0.406)              | (0.025)          | 0.169         | (0.262)              |
| Unaccompanied Asylum Seeking Children                | (0.064)              | (0.179)          | 0.000         | (0.243)              |
| School Organisation Fund                             | 0.000                | (0.230)          | 0.000         | (0.230)              |
| Care Leavers Internships                             | (0.215)              | 0.000            | 0.079         | (0.136)              |
| Other reserves                                       | (5.928)              | (0.102)          | 4.263         | (1.767)              |
| <b>Sub Total</b>                                     | <b>(54.251)</b>      | <b>(9.549)</b>   | <b>23.261</b> | <b>(40.539)</b>      |
| <b>Overall Totals</b>                                | <b>(187.573)</b>     | <b>(129.995)</b> | <b>84.115</b> | <b>(233.453)</b>     |

**Budget Savings Monitoring 2018-19**

| Portfolio    | Budget Savings Targets           |               |               | Savings Initiatives Identified |               |               | Target not Identified | Actual Savings                             | Savings Shortfall              |
|--------------|----------------------------------|---------------|---------------|--------------------------------|---------------|---------------|-----------------------|--|--------------------------------|
|              | Not yet achieved Brought Forward | Prior Year    | Current Year  | Total Target                   | Prior Year    | Current Year  | Total Identified      | (Shortfall)/ Additional Identified Savings | Achieved by Financial Year End |
|              | £m                               | £m            | £m            | £m                             | £m            | £m            | £m                    | £m   | £m                             |
| AC           | 1.122                            | 4.973         | <b>6.095</b>  | 1.122                          | 4.973         | <b>6.095</b>  | 0.000                 | 6.095                                      | 0.000                          |
| CS           | 0.000                            | 1.446         | <b>1.446</b>  | 0.000                          | 1.402         | <b>1.402</b>  | (0.044)               | 1.342                                      | (0.104)                        |
| EDR          | 0.000                            | 0.325         | <b>0.325</b>  | 0.000                          | 0.325         | <b>0.325</b>  | 0.000                 | 0.106                                      | (0.219)                        |
| HC           | 0.000                            | 0.082         | <b>0.082</b>  | 0.000                          | 0.182         | <b>0.182</b>  | 0.100                 | 0.147                                      | 0.065                          |
| HTI          | 2.794                            | 2.127         | <b>4.921</b>  | 0.000                          | 1.600         | <b>1.600</b>  | (3.321)               | 1.106                                      | (3.815)                        |
| SLCT         | 0.220                            | 0.568         | <b>0.788</b>  | 0.000                          | 0.251         | <b>0.251</b>  | (0.537)               | 0.080                                      | (0.708)                        |
| YP           | 0.000                            | 2.906         | <b>2.906</b>  | 0.000                          | 2.937         | <b>2.937</b>  | 0.031                 | 2.434                                      | (0.472)                        |
| <b>Total</b> | <b>4.136</b>                     | <b>12.427</b> | <b>16.563</b> | <b>1.122</b>                   | <b>11.670</b> | <b>12.792</b> | <b>(3.771)</b>        | <b>11.310</b>                              | <b>(5.253)</b>                 |

AC = Adult Care ; CS = Council Services ; EDR = Economic Development and Regeneration ; HC = Health and Communities ; HTI = Highways, Transport and Infrastructure ; SLCT = Strategic Leadership, Culture and Tourism ; YP = Young People