

Agenda Item No

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

19 September 2019

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

BUDGET MONITORING 2019-20 – PERIOD 3 (as at 30 June 2019)

1 Purpose of the Report

To provide the Cabinet Member with an update of the Revenue Budget position of the Corporate Services portfolio for 2019-20 up to the end of 30 June 2019 (Period 3).

2 Information and Analysis**2.1 Forecast Summary**

The net controllable budget for the Corporate Services portfolio is £48m.

The Revenue Budget Monitoring Statement prepared at period 3 indicates that there is a projected year-end underspend of £0.532m.

The significant areas which make up this projection are shown in the table below:

	Controllable Budget	Full year Forecast	Forecasted (under)/over Spend
	£m	£m	£m
Strategic Management	0.846	0.482	(0.364)
Finance & ICT	17.389	16.528	(0.860)
Legal Services	4.616	4.934	0.318
Human Resources	9.115	8.885	(0.230)
County Property	13.402	13.986	0.583
Members	1.701	1.701	0.000
Miscellaneous	1.311	1.332	0.021
Total	48.380	47.848	(0.532)

2.2 Key Variances

2.2.1 Finance & ICT, underspend £0.860m

The division 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 as a result of vacancy control, which will assist in managing the restructure more effectively.

2.2.2 County Property, overspend £0.583m.

This is made up of an overspend of £0.600m on Industrial Development. Whilst the occupancy of the industrial sites is currently running at 92%, there are a number of units that are leased on 'below market rates' to organisations that have charitable status. In addition there are a number of units where the Council provides rent free periods as an incentive to attract businesses and offset maintenance requirements. The income target is challenging and work is underway to ensure the units are placed on a sustainable basis moving forward.

2.2.3 Legal Services, overspend £0.318m.

Although the budget was increased by £300k, the demand for services has meant that there is still a need to employ agency staff, which accounts for most of the overspend. A review is currently underway to examine a different model for delivering legal services, which will manage both service demand and costs more effectively.

2.2.4 Human Resources £0.230m underspend

The major area of underspend relates to vacancies. The Division is currently undergoing a review of the HR function within the council, and is centralising the function. The review will make a significant contribution towards the 2020-21 and 2021-22 savings targets. Holding vacancies will help to contribute towards the savings targets in future years.

2.3 Budget Savings

Budget reductions totaling £1.152m were allocated for the year.

The value of the savings initiatives which have been identified for implementation in the current year is £1.152m.

It is forecast that £1.152m of savings will have been achieved by the year-end. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the end of 2019/20	(Shortfall)/Additional Savings Achieved £m
Reduced contribution to Computer Re	0.100	0.100	0.000
Reduction in ICT hardware budget	0.100	0.100	0.000
IT vacancy control	0.150	0.150	0.000
Insurance	0.166	0.166	0.000
Exchequer	0.050	0.050	0.000
Corporate Accountancy	0.045	0.045	0.000
Planned maintenance programme re	0.350	0.350	0.000
Property fee income	0.191	0.191	0.000
Total of Identified Savings Initiatives	1.152	1.152	0.000
Shortfall/(Surplus) of Identified Savings			
Total Savings Target	1.152	1.152	0.000

2.4 Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 20Y1-Y2:

2.4.1 ICT strategy - £0.200m ongoing.

This will be used to ensure that ICT is aligned with the requirements of the business, in particular in delivering the Enterprising Council programme.

2.4.2 Legal Services - £0.300m ongoing

The growth is being utilised to support the provision of services due to the level of demand.

Enterprising Council £0.150m (one off)

Support for the programme of transformational change, which will affect the whole of the Council.

Learning Management System £0.083m (one off)

The funds will be used to project manage the replacement of the Council's Learning Management system

SSC HR consultant - SAP development £0.045m (one off)

There will be increased support for the HR SAP development team which will enable the section to focus on generating more financial savings.

2.5 Risks

There is a risk that the following issues could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above:

Service	Risk £	Sensitivity* £m	Likelihood
County Property	Review starts to be implemented with effect from Jan 2020. Key staff are already starting to leave due to uncertainty	0.200	

* Sensitivity represents the potential negative impact on the outturn position should the event occur.

2.6 Earmarked Reserves

Earmarked reserves totaling £82.470m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves	Balance as at 30/06/2019
Change Management	2,317,524
Computer Reserve Fund	3,291,397
Property Package Reserve	965,187
PF/BSF	1,980,740
Property DSO	2,502,943
Insurance and Risk Management	20,069,435
Equal Pay	276,874
VAT	6,650
CCP Reserve	431,206
CCP Underspend	1,467,662
Demolition of buildings	523,196
Local Authorities Energy Programme	89,173
Budget Management	29,088,565
Uninsured Financial loss	3,500,000
Communities Priorities Programme	1,024,681
Property IMP scheme	1,550,193
Property IMP 2018	1,286,374
Planned Building Maintenance	5,932,270
Exchequer	850,319
Core Systems	599,690
Corporate-Business Rates Pool	4,716,082
Total	82,470,161

2.7 Debt Position

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

0-30 Days £m	31-365 Days £m	1-2 Years £m	2-3 Years £m	3-4 Years £m	Over 4 Years £m	Total £m
2.308	1.403	0.250	0.094	0.018	0.176	4.248
54%	33%	6%	2%	0%	4%	100%

In the year up to the end of 30 June 2019 the value of debt that has been written off totals £0.062m.

3 Financial Considerations

As detailed in the report.

4 Other Considerations

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

5 Key Decision

No.

6 Call-In

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

7 Background Papers

Held on file within Corporate Finance Division. Officer contact details - Julia Wilks, extension 36709.

8 Officers' Recommendation

That the Cabinet Member notes the report.

EMMA ALEXANDER

Executive Director
Commissioning, Communities and
Policy

PETER HANDFORD

Director of Finance & ICT