

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

5 March 2020

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

BUDGET MONITORING 2019-20 – PERIOD 9 (as at 31 December 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 31 December 2019 (Period 9).

2 Information and Analysis**2.1 Forecast Summary**

The net controllable budget for the Corporate Services portfolio is £48.308m.

The Revenue Budget Monitoring Statement prepared at period 9 indicates that there is a projected year-end underspend of £1.189m.

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	1.476	1.155	(0.321)
Finance & ICT	17.323	16.850	(0.473)
Legal Services	4.614	4.607	(0.006)
Human Resources	8.069	7.457	(0.611)
County Property	13.421	13.713	0.292
Members	1.758	1.692	(0.067)
Miscellaneous	1.647	1.644	(0.003)
Total	48.308	47.118	(1.189)

2.2 Key Variances

Finance & ICT- underspend £0.473m

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

Strategic Management- underspend £0.321m

The underspend predominantly relates to the uncommitted previous Chief Executive budget which is to be reallocated.

Human Resources- underspend £0.611m

The major area of underspend relates to vacancies. The Division is currently undergoing a review of its function within the Council which will result in the centralisation of its services. 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 £1.435m were allocated for the year. Additionally there is a brought forward balance of savings not achieved during the prior year of £0.377m.

The value of the savings initiatives which have been identified for implementation in the current year is £1.437m.

It is forecast that £1.279m of savings will have been achieved by the year-end. The table below shows performance against the target. The balance will be achieved in the following year.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the end of 2019/20 £m	(Shortfall) / Additional Savings Achieved £m
Reduced contribution to Computer Reserve	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
Digital team reduction	0.027	0.027	0.000
Insurance fund contributions	0.166	0.166	0.000
Exchequer staffing	0.050	0.050	0.000
Corporate Accountancy staffing	0.045	0.045	0.000
Business Centre	0.050	0.050	0.000
Members Personal Assistant's reduction	0.050	0.050	0.000
Legal Services	0.040	0.000	-0.040
HR Review	0.118	0.000	-0.118
Planned maintenance programme reserve	0.350	0.350	0.000
Property fee income	0.191	0.191	0.000
Total of Identified Savings Initiatives	1.437	1.279	-0.158
Shortfall/(Surplus) of Identified Savings	0.377	0.000	-0.377
Total Savings Target	1.814	1.279	-0.535

Budget Reductions	£m
Prior Year B/f	0.379
Current Year	1.435
Total Savings Target	1.814

Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2019-20:

ICT strategy - £0.200m (ongoing)

PHR-1052

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

Legal Services - £0.300m (one off)

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

Enterprising Council £0.150m (one off) £0.094m (ongoing)

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

Shared Service Centre 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.

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	4 = likely

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

2.4 Earmarked Reserves

Earmarked reserves are established either by statute or at the discretion of the Council. Departments may establish Earmarked Reserves from within their cash limited budgets to properly reflect on-going financial commitments, fund future service developments or expenditure of an uneven nature.

Earmarked reserves are not available to the Council for use in its budget and Council Tax setting process. They are required for specific purposes and are a means of building up funds to meet known or predicted liabilities.

Current earmarked reserves total £75.166m and are listed below. The table includes provision for reserves taken account of on the revenue statement but not yet moved on SAP.

Reserves	Balance as at 31/12/2019 £m
Change Management	1.829
Computer Reserve Fund	3.029
Property Package Reserve	0.965
PFI/BSF	1.981
Property DSO	2.503
Insurance and Risk Management	20.069
Equal Pay	0.277
Commissioning, Communities and Policy (includes departmental underspend balances)	3.756
Demolition of buildings	0.523
Local Authorities Energy Programme	0.078
Corporate-Business Rates Pool	4.871
Exchequer	0.850
Core Systems	0.535
Budget Management	19.626
Uninsured Financial loss	3.500
Communities Priorities Programme	1.025
Planned Building Maintenance	6.932
Property IMP scheme	1.550
Property IMP 2018	1.266
Total	75.166

2.5 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	31-365 Days	1-2 Years	2-3 Years	3-4 Years	Over 4 Years	Total
£m	0.744	5.491	0.204	0.090	0.024	0.176	6.729
%	11%	82%	3%	1%	0%	3%	100%

In the year up to the end of 31 December 2019 the value of debt that has been written off totals £0.053m.

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 of opportunity; and environmental, health, human resources, property, social value 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 the CCP Department. Officer contact details – Julia Wilks, extension 36709.

8 Officers' Recommendation

That the Cabinet Member notes the report.

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