

DERBYSHIRE COUNTY COUNCIL

CABINET

30 July 2020

Report of the Director of Finance & ICT

REVENUE OUTTURN 2019-20
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

1 Purpose of the Report

To set out the Council's final revenue outturn position for 2019-20, identify significant variations from the final net budget and identify commitments already agreed against the underspend, together with proposals for the further use of underspends. To also identify the impact of the 2019-20 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 2020 (Appendix Six of the Revenue Budget Report 2020-21), requiring further budget savings until 2024-25. Since then, the Covid-19 pandemic has resulted in significant financial instability. Whilst the Government has provided funding to local authorities to support these financial pressures, there is no certainty that the full implications will be fully funded by the Government. The recovery from the pandemic will add further cost pressures over and above those currently identified in the Council's FYFP. Furthermore, implementation of Business Rates Retention Reform and the Fair Funding Review have been further delayed by the Covid-19 crisis.

A comprehensive multi-year Spending Round was expected in 2020, however, it now seems likely that the Spending Round will cover the 2021-22 financial year only, until the full economic consequences of the pandemic are clearer, with a multi-year Spending Round announcement expected during 2021.

The local government sector has responded swiftly to the Covid-19 outbreak, to ensure that it is supporting residents and businesses throughout the pandemic. On 4 June 2020, Cabinet received a report outlining details of Covid-19 cost pressures, including loss of income and savings slippage for the

period April to June 2020. The three month cost pressures are estimated to be approximately £33m. A total of £38m of Government funding has been received, however, the Council will have exhausted the current funding received in mid-July. Neither, does it take into account the financial impact of a second outbreak or additional funding to support the private care market.

The Council's 2020-21 Revenue Budget has been revised and will be reported to this Cabinet meeting. The FYFP will be updated over the Summer, when details of any further Government financial support should become clearer.

The Council incurred portfolio costs amounting to £0.224m in 2019-20 in respect of the Covid-19 pandemic. Portfolios have received funding in the year for these costs from the Council's General Reserve, which will be reimbursed from the additional Covid-19 funding received from Government in 2020-21. Due to the timing of Covid-19 reaching the UK, the pandemic has only had a small impact on the Council's financial performance and position in 2019-20, however this impact is expected to be substantially greater in 2020-21, with the extent depending on a number of factors, such as the duration and success of measures to counter the virus, the resilience of the economy and the scale of the financial support provided to the Council by the Government.

In 2019-20, additional costs of £1.413m were incurred as a result of the incident at Toddbrook Reservoir Whaley Bridge (£0.566m) and flooding in November 2019 and February 2020 caused by Storms Ciara and Dennis (£0.847m). It is expected that a claim under the Bellwin Scheme will contribute £0.028m. Until payment is received, all these costs have been funded from the General Reserve and the Derbyshire Hardship Funds for Business and Residents, so do not impact on portfolio outturn positions below.

The Council set its net budget requirement for 2019-20 on 6 February 2019 and originally planned to spend £519.532m, with funding coming in the form of Government non-ring-fenced grants of £161.444m, Council Tax of £329.430m, business rates collected locally of £19.195m and the use of Earmarked Reserves of £9.463m. The Council's final net budget for 2019-20 was £543.440m, an increase of £23.908m. The increase in net budget is because of additional net transfers from Earmarked and General Reserves of £10m, additional grant income of £12m (including Business Rates Relief Grant £6.357m, Winter Pressures Grant £3.627m and Independent Living Fund Grant £2.534m) and £2m additional business rates income.

The table below summarises the Council's 2019-20 outturn position, against its final net budget, highlighting the Cabinet Member Portfolio net overspend and Corporate net underspend. The overall Council underspend for the year is £3.857m, after the use of one-off funding of £2.000m to support the Highways, Transport and Infrastructure portfolio and £1.382m to support the Young People portfolio. The Adult Care portfolio reported a break-even position after its underspend of £3.807m was transferred to earmarked

reserves. This followed a £5.000m virement of budget in-year from the Adult Care portfolio to the Risk Management Budget.

Spending on schools is funded by the Dedicated Schools Grant (DSG), from Government. The Council received £359.020m in 2019-20. The Council also has responsibility for Public Health funding. A total of £39.477m was received in 2019-20 in the form of a ring-fenced grant from Government to pay for Public Health services. There was an overspend against the balance of the grant of £0.022m. The outturn table shows the positions net of the impact of these grants, other ring fenced grants and income from other third parties and their associated spend.

	Budget	Actuals	Outturn
	£m	£m	£m
Adult Care	246.730	246.730	0.000
Clean Growth and Regeneration	5.603	5.638	0.035
Corporate Services	45.136	43.439	(1.697)
Health and Communities	4.433	4.171	(0.262)
Highways, Transport and Infrastructure	79.888	78.069	(1.819)
Strategic Leadership, Culture and Tourism	13.175	13.153	(0.022)
Young People	110.700	117.555	6.855
Total Portfolio Outturn	505.665	508.755	3.090
Risk Management	6.155	0.000	(6.155)
Debt Charges	28.833	29.327	0.494
Interest and Dividend Income	(4.900)	(6.050)	(1.150)
Levies and Precepts	0.332	0.335	0.003
Corporate Adjustments	7.355	7.216	(0.139)
Total	543.440	539.583	(3.857)

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

The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. Progress against budget savings targets will be closely monitored, however there is a heightened risk of not achieving a balanced budget, as a result of both cost pressures and savings slippage as a result of the Covid-19 pandemic.

Portfolios have requested use of underspends to help manage the budget savings in 2020-21 to 2024-25.

The delivery of the Council's FYFP is heavily dependent on an adequate level of General Reserve. The underspend generated in 2019-20 was anticipated

when the Council took decisions at its budget setting meeting in February 2020. 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 reported a breakeven position. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Unallocated Budgets	(1.978)	Budgets not allocated in the year.
Purchased Services	1.450	Increased cost of complex care packages and a reduction in Continuing Health Care funding.
Assistive Technology and Equipment	(0.727)	More targeted issuing has ensured that only the most appropriate equipment is supplied, reducing spend within the Integrated Community Equipment Service.
Social Care Activity	(0.695)	High levels of unfilled vacancies in Social Work teams.
Commissioning and Service Delivery	(0.662)	Vacancy control in the Finance team.
Information and Early Intervention	(0.412)	As a consequence of lower than expected activity in the Housing Related Support service.
Housing Related Support	(0.306)	Lower than expected activity.
Prevention	(0.271)	Unfilled vacancies in the Welfare Rights team. Lower spend with third parties from the Derbyshire Discretionary fund.
Other - Net Underspend	(0.206)	-
Total before transfer to earmarked reserve	(3.807)	

Transfer to Better Lives Project earmarked reserve	3.807	On 9 April 2020, Cabinet approved the transfer of the underspend in Adult Care to an earmarked reserve to part fund consultancy services to be provided by Newton Europe.
TOTAL	0.000	

Although the outturn was a breakeven position, there were two significant year-end adjustments: a £2.222m increase in the allowance for irrecoverable debt due to Covid-19 influencing the expected likelihood of recovery of amounts owed and a £3.807m transfer to an earmarked reserve to fund the Better Lives Project, a joint initiative with Newton Europe in which Adult Care is reviewing and revising its work processes, especially around the assessment of need and selection of the most appropriate care packages for Derbyshire's residents. Before these two adjustments were made, the portfolio had an underlying underspend of £6.029m.

The budget savings target for 2019-20 was £5.671m. Of this target, £6.098m was achieved by the end of the financial year.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Reduction in Finance Team Costs	0.200
Block Contracts and High Cost Placements	1.016
Use of Improved Better Care Fund	4.882
Total Savings Achieved 2019-20	6.098

Clean Growth and Regeneration

The portfolio overspent by £0.035m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Employment and Skills	0.074	Salary overspend, resulting from a budget deficit when the Head of Employment and Skills post was established.
Economic Development	(0.035)	Match funding for interventions sourced from earmarked reserves rather than the revenue budget, unfilled vacancies as recruitment to the Enterprise and Investment function is not yet complete and business support investment is not yet fully rolled out.
Other - Net Underspend	(0.004)	-
TOTAL	0.035	

No budget savings target was allocated to this portfolio for 2019-20.

Corporate Services

The portfolio underspent by £1.697m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Finance and ICT	(1.071)	Vacancy control. This will assist in managing the planned restructure of the ICT service, aiming to deliver significant savings over the three years from 2020-21. Also, higher value of income was achieved within the Procurement team and a higher amount of costs were recharged to other services by the Pensions, Investments and Exchequer teams than anticipated.

Human Resources	(0.556)	Vacancy control. Departmental Human Resource functions are currently being centralised. Holding vacancies will assist in managing a planned restructure of the function as a whole which is expected to deliver significant savings in 2020-21 and 2021-22.
Strategic Management	(0.480)	Savings arising from previous restructures of senior management.
County Property	0.426	Under achievement of the income target for industrial estate properties. Increased cost of utilities and cover for staff absences. Cost of vacant buildings awaiting sale.
Other - Net Underspend	(0.016)	-
TOTAL	(1.697)	

The budget savings target for 2019-20 was £1.435m, with a further £0.379m brought forward from previous years. Of this total £1.814m target, £1.279m was achieved by the end of the financial year.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Reduction in Contribution to IT Reserve	0.100
Reduction in Contribution to ICT Hardware	0.100
ICT Vacancy Control	0.150
Digital Team Reduction	0.027
Insurance	0.166
Exchequer	0.050
Corporate Accountancy	0.045
Business Centre	0.050
Members' PAs Reduction	0.050
Planned Maintenance Programme Reserve	0.350
Property Income	0.191
Total Savings Achieved 2019-20	1.279

One-off factors which supported the 2019-20 outturn position were as follows:

One-Off Funding/Savings	£m
Legal Services (Service Pressure)	0.300
Learning Management System (Service Pressure)	0.083
Shared Service Centre - HR SAP Development (Service Pressure)	0.045
One-Off Funding/Savings 2019-20	0.428

Health and Communities

The portfolio underspent by £0.262m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Trading Standards	(0.191)	Vacancies. Additional income. Progress towards future planned savings and one-off funding yet to be committed to support older people in respect of scams and doorstep crime.
Community Safety	(0.050)	-
Coroners	(0.039)	-
Registrars	0.036	-
Emergency Planning	(0.018)	-
TOTAL	(0.262)	

The budget savings target for 2019-20 was £0.207m. All these savings were achieved by the end of the financial year.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Emergency Planning	0.057
Registrars	0.050
Community Safety Projects	0.050
Trading Standards Restructuring	0.050
Total Savings Achieved 2019-20	0.207

One-off factors which supported the 2019-20 outturn position were as follows:

One-Off Funding/Savings	£m
Trading Standards - Older People Support (Service Pressure)	0.048
Community Safety - Digital MOT (Funding from Proceeds of Crime Act)	0.014
One-Off Funding/Savings 2019-20	0.062

Highways, Transport and Infrastructure

The portfolio underspent by £1.819m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Waste Management	(3.250)	Lower than expected waste tonnages and savings under the service continuity arrangements.
Unallocated Budget Savings	3.234	Savings targets not yet allocated to specific services, therefore an overspend.
Highways Maintenance	1.656	After the application of £2.000m of funding from the Budget Management reserve, this budget underspent by £0.344m. The intention is to realise savings to Highways Maintenance in a future financial year.
Public and Community Transport	(1.122)	Reduced demand for the Gold Card service and reduced support to local bus operators as progress towards savings planned for future years.

Winter Maintenance	1.061	The budget for winter maintenance is £1.473m and spend this year was £2.534m. Despite the mild winter, the Council had to build up a large stockpile of grit salt to comply with Department of Transport recommendations, based on an average year, prior to the onset of winter. The vehicles associated with gritting are a high fixed cost overhead, irrespective of the severity of the conditions.
Council Fleet Services	(0.922)	Unfilled vacancies, additional income from vehicle sales and income from vehicle maintenance.
Planning and Development	(0.666)	Over recovery of additional inspection fee income, paid to the Council by building developers, under agreements arising from Sections 38 and 278 of the Highways Act (1980).
Highway Management and Land Reclamation	0.573	Mainly due to a collapsed culvert at Chapel which caused additional unbudgeted costs. Also, delays in recruiting operational employees has led to an under recovery on the recharge to capital budgets.
Resources and Improvement	(0.515)	Unfilled vacancies.
Other - Net Underspend	0.132	-
Total before support from the Budget Management reserve	0.181	

Transfer from Budget Management earmarked reserve	(2.000)	Use of the Budget Management reserve was approved in the Revenue Budget reported to Council on 6 February 2019, to meet the shortfall in the Economy, Transport and Environment department's identified savings target. This funding has been applied to the Highways Maintenance budget.
TOTAL	(1.819)	

The budget savings target for 2019-20 was £2.593m, with a further £3.321m brought forward from previous years. Of this total £5.914m target, £0.680m was achieved by the end of the financial year.

A savings target of £2.000m has been allocated to the Highways Maintenance budget, however this is planned only to be achieved in a future year and has been funded from the Budget Management reserve in 2019-20 as approved in the Revenue Budget reported to Council on 6 February 2019.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Gold Card Concessionary Fares	0.250
Safe and Active Travel	0.240
Countryside Services	0.100
Parking Management	0.090
Total Savings Achieved 2019-20	0.680

One-off factors which supported the 2019-20 outturn position were as follows:

One-Off Funding/Savings	£m
Budget Management Reserve	2.000
Highways Maintenance (Service Pressure)	1.000
Water Body (Service Pressure)	0.100
HS2 Co-ordination Officer (Service Pressure)	0.064
Street Lighting Energy (Service Pressure)	0.048
One-Off Funding/Savings 2019-20	3.212

Strategic Leadership, Culture and Tourism

The portfolio underspent by £0.022m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Libraries	0.186	Reduced hours for Branch Libraries since October, the full year impact of these savings has not yet been realised. Increased business rates for the Records Office. Cost of sickness cover at Buxton Museum. Residual costs of the School Library Service after decommissioning.
Policy and Research	(0.083)	Vacancy control.
Tourism	(0.059)	Festival of Derbyshire cancelled due to the Covid-19 pandemic.
Call Derbyshire	(0.052)	Staff vacancies
Heritage	0.034	-
Communications	(0.033)	-
International Relationships and Trade	(0.015)	-
TOTAL	(0.022)	

The budget savings target for 2019-20 was £0.515m, with a further £0.245m brought forward from previous years. Of this total £0.760m target, £0.599m was achieved by the end of the financial year.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Call Derbyshire - Staffing	0.135
Policy - Staffing	0.100
Libraries HQ ICT	0.040
Mobile Libraries	0.050
Materials Fund	0.140
Library Service - Reduction in Hours	0.134
Total Savings Achieved 2019-20	0.599

One-off factors which supported the 2019-20 outturn position were as follows:

One-Off Funding/Savings	£m
Community Managed Libraries (phased implementation funding)	0.742
One-Off Funding/Savings 2019-20	0.742

Young People

The portfolio was overspent by £6.855m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Placements for Children in Care (or unable to remain at home)	7.411	Placement numbers have continued to rise steadily during the year in line with increases in the number of children in care. There are currently more placements required than can be funded from the allocated budget. The needs of individual children and the availability of placements has also meant that there are an increased number of children placed in both more expensive fostering arrangements and more expensive residential provision.

Unallocated Budgets	(4.051)	<p>Budget released as a result of changes to the early help offer. It is being held to cover the anticipated loss of £1.767m of grant income that the Government has signalled would be withdrawn in stages from 2020-21 and to reduce the reliance on funding from the Troubled Families Grant which is currently £1.900m. This budget remains uncommitted in the interim to mitigate the department's overspend against its current budget.</p> <p>Also included is a release of £0.819m from the Troubled Families reserve. The remaining balance of this reserve is now earmarked to fund the Early Help transition team until its cessation in 2022.</p>
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Children's Safeguarding Services	1.917	Reliance on more expensive agency social workers to meet an increasing caseload and payment of a market supplement to employed staff. Increased child protection team staff costs due to the number of children with child protection plans. Increased non-placement support costs for children in care and preventative support for children and families in need due to an increasing number of children in care, the cost of accommodating children whilst court proceedings are concluded and short term financial support provided to families and carers pending commencement of Universal Credit payments.
Home to School Transport	1.698	Increase in the number of journeys provided to children with Special Educational Needs (SEN) and an increase in the cost of those journeys, driven by economic factors and the need to provide more specialised vehicles.
Education Support Services	0.834	An increase in the number of children with SEN driving demand for the Psychology and the Planning and Assessment teams. Also, a growing number of children who are electively home educated is increasing the cost to the Council undertaking its statutory duties in respect of these children.
Support to Children with Disabilities	0.733	Increased demand for support and complexity of some individuals' needs.

Other Grant Income	(0.360)	A Section 31 (Local Government Finance Act 2003) grant was awarded, by the Department for Education (DfE), to enable the Council to participate in a pilot scheme to encourage wider family involvement in supporting children in need. The grant was received shortly before the end of March 2020. The programme has been paused due to the Covid-19 pandemic. It is requested that the remaining grant which remains unspent (£0.302m) is noted as a commitment at the financial year-end and allocated to the portfolio's earmarked reserves to fund this programme when it restarts.
Pensions Payable to Former Staff	0.193	Enhanced pension obligations payable to staff who left under efficiency programmes during the early 1990s.
Other - Net Underspend	(0.138)	-
Total before support from the Budget Management reserve	8.237	
Transfer from Budget Management earmarked reserve	(1.382)	Use of the Budget Management reserve was approved in the Revenue Budget reported to Council on 6 February 2019, to meet the shortfall in the Children's Services department's identified savings target.
TOTAL	6.855	

The budget savings target for 2019-20 was £2.972m. Of this target, £2.143m was achieved by the end of the financial year.

Savings were achieved in 2019-20 in the following areas:

Description	£m
Children's Centres	1.241
Care Leavers Employment Programme	0.086
Early Help	0.318
Business Support Functions	0.498
Total Savings Achieved 2019-20	2.143

£1.382m of one-off funding has been provided in 2019-20 to this portfolio from the Budget Management reserve to support the shortfall in the Children's Services department's identified savings, as approved in the Revenue Budget reported to Council on 6 February 2019. The intention is to allocate £1.382m of savings to Children's Services budgets in a future financial year.

One-off factors which supported the 2019-20 outturn position were as follows:

One-Off Funding/Savings	£m
Funding from reserves (including £1.382m from the Budget Management Reserve) and other temporary reductions in spend, offset by one-off spend	1.604
Social Worker recruitment (Service Pressure)	2.600
Placement Demand (Service Pressure)	5.000
Care Leavers (Service Pressure)	0.402
Children's Participation (Service Pressure)	0.080
Complex Case Pooled Budget (Service Pressure)	0.250
Mobile Working (Service Pressure)	0.260
Children in Care Legal Proceedings (Service Pressure)	1.050
One-Off Funding/Savings 2019-20	11.246

At the 2019-20 financial year-end the following ring-fenced commitments relating to this portfolio existed:

Description	£m
Remainder of Section 31 (Local Government Finance Act 2003) grant, from the DfE, received shortly before the end of March 2020 to enable the Council to participate in a pilot scheme to encourage wider family involvement in supporting children in need. The programme has been paused due to the Covid-19 pandemic.	0.302
Total Commitments	0.302

Corporate Budgets

Corporate budgets were underspent by £6.947m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Risk Management	(6.155)	Additional funding received in-year and a virement of £5.000m of budget from the Adult Care portfolio.
Interest and Dividend Income	(1.150)	During most of 2019-20 the Bank of England's base rate of interest was 0.75%. The base rate was reduced from 0.75% to 0.25% on 10 March 2020, with a further cut, to 0.10%, later in the month. However the Council utilises a range of investments to maximise its interest and dividend income on balances. Interest income includes interest accrued on the loan advances to the Buxton Crescent Hotel and Thermal Spa Company. Dividend income on the Council's investments in pooled funds remains robust and these investments have been held for the whole financial year.
Debt Charges	0.494	This reflects interest payments, the Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% and a £4.500m one-off reduction in the Council's Capital Adjustment Account Reserve. This reduction is made on the basis that the amounts set aside to repay debt over the last ten years are well in excess of what is required to ensure the Council can repay its debts.
Corporate Adjustments	(0.139)	-
Levies and Precepts	0.003	-
TOTAL	(6.947)	

As part of the Council's budget setting for 2020-21, 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 £3.137m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
High Needs Block (exc. LA Schools)	5.338	£0.892m overspend due to the increased costs of the team supporting children and young people who have been permanently or temporarily excluded or are being supported as part of a preventative measure, due to increased numbers of these children. £2.279m overspend due to additional support paid to primary schools for pupils with high needs, reflecting the increased number of pupils being supported over the past three years. £2.367m overspend due to additional support for pupils with special needs in other local authorities and independent and non-maintained schools, reflecting the increase in numbers and costs of placements.

Schools Growth funding including KS1	(1.520)	Allocations to support schools to meet KS1 pupil/teacher ratios were lower than anticipated. In addition, £1.002m of the growth funding received in 2019-20 has been earmarked, with the approval of School Forum, for future pre- and post- opening grants for new schools.
Dedicated Schools Grant Income	(0.401)	Additional funding drawn from reserves to cover a shortfall in the grant receivable compared to that estimated when the budget was set, plus an additional small grant receipt in respect of Early Years 2018-19 funding received during 2019-20.
Re-pooled school funding	(0.291)	Contingency payments to primary schools were lower than expected. This was partially offset by support to secondary schools, which was greater than anticipated. The net underspend is ring-fenced to schools.
Other - Net Overspend	0.011	-
TOTAL	3.137	

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 overspend on the Public Health Grant of £0.022m. The main variations were:

Service	(Under)/Over Spend £m	Main Reason for Outturn Position
Live Life Better Derbyshire service	(0.714)	Unfilled vacancies. Also, activity did not meet anticipated levels due to the in-house service not yet operating at full capacity.

Sexual Health Contract	(0.228)	Activity based elements did not meet anticipated levels.
Health Checks	(0.123)	Activity did not meet anticipated levels.
Substance Misuse Tier 2 service	(0.106)	Funding suspended in 2019-20 because plans submitted by Medication Assisted Treatment (MAT) teams did not meet Public Health key outcomes.
Spend on one-off items	1.272	Additional support for Children's Early Years' service, Action Grants Programme, Local Communities, Obesity interventions and the Raising Aspirations programme. Additional funding towards the Citizens Advice Bureau service in Community Wellness Hubs.
Other - Net Underspend	(0.079)	-
TOTAL	0.022	

General and Earmarked Reserves

The balance on the General Reserve is £53.547m as at 31 March 2020, 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 2020 are shown in Appendix Two.

Summary

All Portfolios achieved underspends or broke even in 2019-20, with the exception of Clean Growth and Regeneration (£0.035m overspent) and Young People (£6.855m overspent).

There continue 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 the Highways, Transport and Infrastructure portfolio has resulted from waste management expenditure being less than expected, mainly because of lower waste tonnages and savings arising under the new service continuity arrangements, as well as from reduced demand for Gold Card and support to local bus operators. Significant overspends in highways maintenance and winter maintenance and from budget savings which have yet to be identified and allocated to specific service areas were mitigated only by utilising one-off support from the Budget Management reserve.

The underspend on the Corporate Services portfolio has arisen primarily due to planned actions, such as vacancy control in the ICT and Human Resources services, to manage restructures which aim to deliver savings over the next three years.

There have also been underspends on corporate budgets, in Risk Management and Interest and Dividend income. The underspend on the Risk Management budget largely relates to a budget virement from the Adult Care portfolio. The Council utilises a range of investments to maximise its interest and dividend income on balances. Interest income included interest accrued on the loan advances to the Buxton Crescent Hotel and Thermal Spa Company. Dividend income on the Council's investments in pooled funds remains robust and these investments have been held for the whole financial year.

The Adult Care portfolio achieved a breakeven position, following a year-end transfer of its underspend to an earmarked reserve to fund the Better Lives Project.

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

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, capped at a total of the Council's overall underspend after

providing for specific commitments, 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.

The age profile of debts owed to the Council and the value of debts written off is disclosed in Appendix Four. This information is collected on a departmental, rather than a portfolio, basis.

The General Reserve stands at £53.547m in the Council's Pre-Audit Statement of Accounts as at 31 March 2020. There are commitments held against this balance as follows:

General Reserve at 31 March 2020

	£m
Balance in Pre-Audit Accounts	53.547
Less: Allocations to Portfolios*	
Adult Care	0.000
Clean Growth and Regeneration	0.000
Corporate Services	(1.588)
Health and Communities	(0.245)
Highways, Transport and Infrastructure	(1.701)
Strategic Leadership, Culture and Tourism	(0.021)
Young People	(0.302)
<hr/> Balance After Commitments	<hr/> 49.690
 Anticipated Balance Expected as part of FYFP in Revenue Budget Report 2020-21	 42.686

* 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 electronically by Technical Section, Room 137, Finance & ICT.

6 Key Decision

No

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

No

8 Officer's Recommendations

That Cabinet:

- Notes the departmental outturn position for 2019-20;
- Notes the position on General and Earmarked Reserves;
- Approves the allocation of underspend amounts and commitments 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 £m	Actual £m	Overspend/ (Underspend) £m	Commitments £m	Balance after Commitments £m	Allocation for use of Underspends £m	Balance to remain in General Reserve £m
Adult Care	246.730	246.730	0.000	0.000	0.000	0.000	0.000
Clean Growth and Regeneration	5.603	5.638	0.035	0.000	0.035	0.000	(0.035)
Corporate Services	45.136	43.439	(1.697)	0.000	(1.697)	1.588	0.109
Health and Communities*	4.433	4.171	(0.262)	0.000	(0.262)	0.245	0.017
Highways, Transport and Infrastructure	79.888	78.069	(1.819)	0.000	(1.819)	1.701	0.118
Strategic Leadership, Culture and Tourism	13.175	13.153	(0.022)	0.000	(0.022)	0.021	0.001
Young People	110.700	117.555	6.855	0.302	7.157	0.000	(7.157)
PORTFOLIOS TOTAL	505.665	508.755	3.090	0.302	3.392	3.555	(6.947)
Risk Management	6.155	0.000	(6.155)	0.000	(6.155)	0.000	6.155
Debt Charges	28.833	29.327	0.494	0.000	0.494	0.000	(0.494)
Interest and Dividend Income	(4.900)	(6.050)	(1.150)	0.000	(1.150)	0.000	1.150
Levies and Precepts	0.332	0.335	0.003	0.000	0.003	0.000	(0.003)
Corporate Adjustments	7.355	7.216	(0.139)	0.000	(0.139)	0.000	0.139
TOTAL	543.440	539.583	(3.857)	0.302	(3.555)	3.555	0.000

* the ring-fenced Public Health overspend of £0.022m has been funded from the Public Health Reserve

Earmarked Reserves

	31 Mar 2019 £m	Transfers In Out £m £m		31 Mar 2020 £m
Adult Care				
Older People's Housing Strategy	(22.676)	(7.324)	0.000	(30.000)
Pump priming	0.000	(5.966)	2.159	(3.807)
Other reserves	(0.283)	(0.016)	0.253	(0.046)
Sub Total	(22.959)	(13.306)	2.412	(33.853)
Clean Growth and Regeneration				
D2 Growth Fund	(0.200)	0.000	0.000	(0.200)
Markham Environment Centre	(0.114)	0.000	0.000	(0.114)
Other reserves	(0.519)	(0.013)	0.150	(0.382)
Sub Total	(0.833)	(0.013)	0.150	(0.696)
Corporate Services				
Revenue Contributions to Capital	(17.081)	(11.703)	0.489	(28.295)
Loan Modification Gains/Losses	(28.440)	0.000	2.316	(26.124)
Insurance and Risk Management	(20.070)	(0.143)	0.128	(20.085)
Budget Management	(30.792)	(0.187)	14.548	(16.431)
Business Rates Relief Grant	0.000	(5.000)	0.000	(5.000)
Planned Building Maintenance	(6.282)	(1.008)	2.015	(5.275)
Business Rates Pool	(4.716)	0.000	0.044	(4.672)
Prior Year Underspends	(0.521)	(4.035)	0.570	(3.986)
Uninsured Financial Loss	(3.500)	0.000	0.000	(3.500)
Computer Purchasing	(3.215)	(0.570)	0.957	(2.828)
Property Insurance Maintenance Pool	(2.836)	(1.553)	1.676	(2.713)
PFI reserves	(1.981)	(0.420)	0.060	(2.341)
Property DLO	(1.701)	(2.324)	1.915	(2.110)
Change Management	(2.379)	0.000	0.572	(1.807)
Business Rates Strategic Investment Fund	(4.889)	(0.961)	4.837	(1.013)
Other reserves	(6.701)	(2.796)	3.862	(5.635)
Sub Total	(135.104)	(30.700)	33.989	(131.815)

	31 Mar 2019 £m	Transfers		31 Mar 2020 £m
		In £m	Out £m	
Health and Communities				
Public Health Grant	(7.601)	0.000	0.177	(7.424)
Domestic Abuse	(2.000)	(0.142)	0.000	(2.142)
S256/External Funding	(0.254)	0.000	0.010	(0.244)
Trusted Trader	(0.071)	(0.030)	0.000	(0.101)
Other reserves	(0.366)	(0.076)	0.089	(0.353)
Sub total	(10.292)	(0.248)	0.276	(10.264)
Highways, Transport and Infrastructure				
Prior Year Underspends	(9.286)	(1.453)	0.929	(9.810)
Winter Maintenance	(2.000)	0.000	0.000	(2.000)
Commuted Highways Maintenance	(0.121)	(1.016)	0.000	(1.137)
Road Safety Public Service Agreement (PSA)	(1.182)	0.000	0.103	(1.079)
Derby and Derbyshire Road Safety Partnership Reserve	(0.585)	(0.132)	0.085	(0.632)
Waste Recycling Initiatives	(0.391)	(0.207)	0.000	(0.598)
IT Reserve	(0.559)	0.000	0.036	(0.523)
Other reserves	(5.609)	(0.233)	4.382	(1.460)
Sub Total	(19.733)	(3.041)	5.535	(17.239)
Strategic Leadership, Culture and Tourism				
Policy & Research	(1.054)	0.000	0.339	(0.715)
Community Managed Libraries	0.000	(0.742)	0.000	(0.742)
Derbyshire Challenge Fund	(0.566)	(0.084)	0.119	(0.531)
Library Restructure	(0.429)	0.000	0.000	(0.429)
Derwent Valley Mills World Heritage Site	(0.193)	(0.016)	0.033	(0.176)
Other reserves	(1.509)	(0.029)	0.968	(0.570)
Sub Total	(3.751)	(0.871)	1.459	(3.163)

	31 Mar 2019 £m	Transfers		31 Mar 2020 £m
		In £m	Out £m	
Young People				
Schools Balances	(26.043)	(5.595)	7.741	(23.897)
Tackling Troubled Families	(4.083)	(1.960)	2.149	(3.894)
Standards Fund (Schools)	(1.220)	0.000	0.494	(0.726)
School Rates Refunds	(0.600)	(0.121)	0.000	(0.721)
Childrens Services IT Systems	(0.746)	0.000	0.040	(0.706)
Youth Activity Grants	(0.330)	0.000	0.047	(0.283)
Foster Carer Adaptations	(0.262)	(0.163)	0.130	(0.295)
Dedicated Schools Grant (DSG)	(5.603)	(1.943)	7.359	(0.187)
Other reserves	(1.894)	(0.603)	1.097	(1.400)
Sub Total	(40.781)	(10.385)	19.057	(32.109)
Overall Totals	(233.453)	(58.564)	62.878	(229.139)

Budget Savings Monitoring 2019-20

Portfolio	Budget Savings Targets			Ongoing Savings Initiatives	Target not Identified	Actual Savings	Savings Shortfall	
	Not yet achieved Brought Forward	Prior Year £m	Current Year £m	Total Target £m	Total Identified £m	(Shortfall)/ Additional Identified Savings £m	Achieved by Financial Year End £m	Actual (Shortfall)/ Additional Achievement of Savings Target £m
AC		0.000	5.671	5.671	5.671	0.000	6.098	0.427
CS		0.379	1.435	1.814	1.437	(0.377)	1.279	(0.535)
CGR		0.000	0.000	0.000	0.000	0.000	0.000	0.000
HC		0.000	0.207	0.207	0.207	0.000	0.207	0.000
HTI		3.321	2.593	5.914	0.680	(5.234)	0.680	(5.234)
SLCT		0.245	0.515	0.760	0.760	0.000	0.599	(0.161)
YP		0.000	2.972	2.972	2.802	(0.170)	2.143	(0.829)
Total		3.945	13.393	17.338	11.557	(5.781)	11.006	(6.332)

AC = Adult Care ; CS = Corporate Services ; CGR = Clean Growth and Regeneration ; HC = Health and Communities ; HTI = Highways, Transport and Infrastructure ; SLCT = Strategic Leadership, Culture and Tourism ; YP = Young People

Age profile of debt, relating to income receivable, at 31 March 2020

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
Adult Social Care and Health						
5.609	3.228	1.231	0.714	0.297	0.656	11.735
47.8%	27.5%	10.5%	6.1%	2.5%	5.6%	100.0%
Children's Services						
1.076	0.565	0.058	0.036	0.009	0.018	1.762
61.1%	32.1%	3.3%	2.0%	0.5%	1.0%	100.0%
Economy, Transport and Environment						
1.465	2.330	0.967	0.252	0.015	0.014	5.043
29.1%	46.2%	19.2%	5.0%	0.3%	0.3%	100.0%
Commissioning, Communities and Policy						
3.471	0.913	0.704	0.196	0.079	0.173	5.536
62.7%	16.5%	12.7%	3.5%	1.4%	3.1%	100.0%
All Departments						
11.621	7.036	2.960	1.198	0.400	0.861	24.076
48.3%	29.2%	12.3%	5.0%	1.7%	3.6%	100.0%

The value of debt written off in the 12 months up to 31 March 2020

Department	£m
Adult Social Care and Health	0.291
Children's Services	0.042
Economy, Transport and Environment	0.012
Commissioning, Communities and Policy	0.031
All Departments	0.376