

Agenda Item No 6(b)

DERBYSHIRE COUNTY COUNCIL

CABINET

30 July 2020

Report of the Director of Finance & ICT

BUDGET MONITORING 2020-21 (as at 31 May 2020)
 (STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

1 Purpose of the Report

To provide Cabinet with the Revenue Budget position for 2020-21 as at 31 May 2020.

2 Information and Analysis

The report summarises the controllable budget position by Cabinet Member Portfolio as at 31 May 2020. Further reports will be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations. The Council would normally do a first formal report to members on budget monitoring at the end of Period 3 (June). However, in view of the current cost increases and income reductions due to Covid-19 it was felt an earlier report was required.

The projected outturn compared to controllable budget is summarised below.

	Budget	Use of MHCLG Covid- 19 Grant Funding	Adjusted Budget	Forecast Actuals	Projected Outturn
	£m	£m	£m	£m	£m
Adult Care	261.170	7.081	268.251	267.927	(0.324)
Clean Growth and Regeneration	0.695	0.531	1.226	1.316	0.090
Corporate Services	43.513	1.549	45.062	48.554	3.492
Health and Communities (exc. Public Health)	4.884	1.483	6.367	6.276	(0.091)
Highways, Transport and Infrastructure	74.789	6.933	81.722	80.798	(0.924)
Strategic Leadership, Culture and Tourism	11.666	0.315	11.981	12.016	0.035
Young People	116.912	2.059	118.971	119.490	0.519

Total Portfolio Outturn	513.629	19.951	533.580	536.377	2.797
Risk Management	63.823	(21.728)	42.095	87.369	45.274
Debt Charges	34.351	0.000	34.351	31.676	(2.675)
Interest and Dividend Income	(6.198)	1.378	(4.820)	(4.820)	0.000
Levies and Precepts	0.343	0.000	0.343	0.343	0.000
Corporate Adjustments	2.630	0.399	3.029	3.015	(0.014)
Total	608.578	0.000	608.578	653.960	45.382

The table above shows the immediate Covid-19 related costs for each portfolio as £19.951m. These costs are projected up to the end of June 2020 for all portfolios except for Adult Care, which is up to the end of May 2020. Budget of £19.951m will be allocated to portfolios from the Risk Management Budget, where the additional grant funding received from Government has been temporarily allocated, to match these costs. Portfolio costs are explained in more detail later in this report.

There is a forecast overspend on the risk management budget of £45.274m, which represents the funding gap between the estimated costs of Covid-19 to the Council and the funding the Council has available in 2020-21 to meet these costs.

The risk management budget of £63.823m includes:

- £17.920m approved in the Council's 2020-21 Revenue Budget in February 2020, including £17.406m of contingency funding, for the pay award and for adult social care.
- £37.107m of Ministry of Housing Communities & Local Government (MHCLG) grant funding received to help the Council respond to Covid-19 pressures across the services it delivers. Of the funding the Government announced on 19 March 2020, the Council received £22.996m. Additional funding of £14.111m was received following the Government's announcement on 18 April 2020.
- £5.119m of additional non-ringfenced grants received in the year, announced after the 2020-21 Revenue Budget was approved by Council on 5 February 2020. These additional grants are
 - £2.714m additional Business Rates Relief Grant;
 - £1.236m Business Rates Retention Reconciliation Grant and;
 - £1.169m Extended Rights to Free Travel Grant.
- £3.677m of one-off funding transferred from the Adult Care portfolio, approved in the Council's 2020-21 Revenue Budget but no longer required after it was funded from the portfolio's 2019-20 underspend.

The following £109.097m of forecast expenditure of the risk management budget is:

- £9.192m drawdown of contingency funding for the purposes for which it was set aside.
- £19.951m to reimburse portfolios for Covid-19 costs incurred and lost income suffered from April to June 2020, reflected in the portfolio outturn above.
- £1.378m to reimburse the Council's interest and dividend income budget for forecast lost dividend and interest income due to Covid-19.
- £0.399m to reimburse the Council's corporate adjustments budget for unachieved savings in respect of the Council paying its Local Government Pension Scheme contributions early due to Covid-19.
- £3.323m of additional income estimated to be claimable under a Government scheme, announced on 2 July 2020, to compensate local authorities for losses in respect of planned income from sales, fees and charges, at a rate of 75p in every pound, over and above the first 5%. Further details of the scheme have yet to be announced.
- £49.500m of Covid-19 related costs estimated to be incurred as follows:
 - at the approximate current rate of £3.500m for Adult Care for June 2020 (the other portfolio's June 2020 Covid-19 effects are shown in the portfolio outturn), the current overall portfolio rate of £9.000m a month for two months from July to August 2020 and at a lower average rate of £7.000m a month for four months from September to December 2020.
- £17.000m of additional costs estimated for the provision of increased Home to School transport provision to maintain social distancing rules. Government guidance in respect of Home to School transport has only just been received but in the absence of the guidance planning with schools has commenced. The estimate is based on 100% attendance of students from September and 50% capacity in vehicles. However, there are many variables to consider, such as bus passes bought on the local bus network and commercial services. Therefore, costs could be higher if operators struggle to obtain additional vehicles and need to hire in at higher prices. The recently issued guidance appears to be less restricting than has been planned and the cost impact may be significantly lower. The actual impact will become clearer over the coming weeks before September. £15.000m estimated to be required to support the wider county and the council's recovery from the impacts of the pandemic, later in 2020-21. It should be noted that this figure may differ as it's affordability will ultimately depend on a range of factors including whether the Council experiences a second wave of the pandemic later in the year. The impact on the revenue budget will also depend on whether the recovery expenditure is capital in nature in which case this figure will decrease.

On 2 July 2020, the Government also announced an additional un-ringfenced £500m grant for local authorities, to respond to the spending pressures being faced. Details of individual allocations are awaited but the Council's share

could be in the region of £5m to £7.5m, based on previous allocations. This additional funding will contribute towards the Covid-19 funding gap.

Whilst budgets are monitored by portfolio, the individual portfolios are not separate entities. All the portfolios operate in conjunction with the others and it is important to consider the Council's budgetary position as a whole in the context of its Five Year Financial Plan and its overall level of reserves.

A summary of the individual portfolio positions is detailed below.

Adult Care

There is a projected year-end underspend of £0.324m, after the allocation of £7.081m of MHCLG Covid-19 grant funding. Before the allocation of this funding, the main variances are:

Information and Early Intervention, £5.916m overspend – mainly due to the additional costs of personal protective equipment in response to the Covid-19 pandemic.

Purchased Services, £2.605m overspend – due to additional care package costs and an increase in payments to residential and nursing homes and discharge services as a result of the Covid-19 pandemic.

Unallocated Budgets, £1.018m underspend – relates to budgets awaiting allocation during the year.

Commissioning and Service Delivery, £0.588m underspend – due to vacancy control.

A sum of £3.677m of the £4.210m one-off funding identified in the 2020-21 Revenue Budget Report 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, has been transferred from Adult Care to the Risk Management budget. The full amount was no longer required after Adult Care transferred its 2019-20 underspend to an earmarked reserve to fund these services.

The budget savings target for 2020-21 is £3.784m. An over-achievement of budget savings of £0.427m has been brought forward, resulting in total reductions to be achieved of £3.357m at the start of the financial year.

Of this target, £0.337m is expected to be achieved by the end of the financial year. The implementation of planned savings have been significantly delayed by the impacts of Covid-19.

Additional funding has been provided in the 2020-21 budget for the main growth items:

- Care Home and Home Care Fees - £8.787m, to meet the increase in independent sector fees. This has been fully allocated and the additional spend started in April 2020 and is expected to be incurred evenly throughout the whole year.
- Demographic Growth - £4.500m, to fund the additional costs due to the year-on-year increase in the number of clients supported.
- Winter Pressures - £3.627m, to fund the additional services put in place to help reduce hospital admissions and delays in hospital discharges.
- Homes for Older People - £3.000m (one-off), to meet some of the costs associated with the remedial work and additional staff required to meet safety standards in a number of the Council's homes.
- Transformational Care Programme - £0.800m, to fund the additional care packages for clients that have been discharged from long-term health provision. No additional clients have been discharged in the current financial year to date, so there is yet to be any spend against this allocation.
- Implementation of Better Lives - £0.533 (one-off), to fund the balance of the cost of consultancy services for the Better Lives project. This has not yet been spent, but will be by the end of the year.

Clean Growth and Regeneration

There is a projected year-end overspend of £0.090m after the allocation of £0.531m of MHCLG Covid-19 grant funding. Before the allocation of this funding, the main variances are:

Economic Development, £0.582m overspend – due to the cost of supporting businesses and administering grants as a result of the Covid-19 pandemic.

No budget savings target has been allocated to this portfolio for 2020-21.

No additional funding has been provided to this portfolio in the 2020-21 budget.

Corporate Services

There is a projected year-end overspend of £3.492m after the allocation of £1.549m of MHCLG Covid-19 grant funding. Before the allocation of this funding, the main variances are:

County Property, £5.217m overspend - direct costs associated with the Covid-19 pandemic and the indirect impacts on savings not expected to be realised, reduced design fee income and legacy fee income no longer being claimed.

Legal Services, £0.469m overspend - due to a delay in the implementation of the "Core/Core-Plus" offer. Under the offer, core legal functions are funded corporately, with all other legal activities funded by alternative means.

Finance and ICT, £0.466m underspend - due to vacancy control. This will assist in managing a planned restructure of the ICT function, aiming to deliver significant savings over the three years from 2020-21.

Strategic Management, £0.215m underspend - relates to savings arising from previous restructures of senior management.

A budget savings target for 2020-21 of £4.120m has been allocated, with a further £0.535m target brought forward from previous years. Of this total target of £4.655m, £1.510m is expected to be achieved by the end of the financial year.

Additional funding has been provided in the 2020-21 budget for the main growth items:

- Legal Services - £0.300m (one-off), to support the high levels of demand for the service in respect of child care cases. It is forecast that this allocation will be fully spent by the end of the financial year.
- ICT Strategy - £0.200m, to ensure that ICT is aligned with the needs of the business and to assist with the delivery of priorities. It is forecast that additional expenditure of this amount will be incurred by the end of the financial year.

Health and Communities

The Health and Communities portfolio includes the Public Health budget of £42.175m, which is fully funded by the ring-fenced Public Health Grant for 2020-21. The forecast year-end position for the portfolio is an overspend of £0.567m. However, excluding Public Health, the portfolio is forecast to underspend by £0.091m after the allocation of £1.483m of MHCLG Covid-19 grant funding. Before the allocation of this funding, the main variances are:

Registrars, £0.770m overspend – loss of income from fees due to the Covid-19 pandemic.

Public Health, £0.871m underspend – the activity of the Live Life Better Derbyshire Service has been affected by the Covid-19 pandemic and the need to socially distance and self-isolate.

Emergency Planning, £0.325m overspend – additional cost of hand sanitiser and overtime for staff, forecast up to June 2020, associated with the Covid-19 pandemic.

Community Safety, £0.195m overspend – additional costs in Domestic Violence and Hate Crime services relating as a consequence of the Covid-19 pandemic.

A budget savings target of £0.216m has been allocated for 2020-21. A total of £0.216m of savings initiatives have been identified, all of which are anticipated to be achieved by the end of the financial year.

Additional funding has been provided in the 2020-21 budget for the following growth items:

- Coroners - £0.101m, to meet the increasing cost of fees due to a national shortage of pathologists. £0.017m has been spent to date.

Highways, Transport and Infrastructure

The Highways, Transport and Infrastructure portfolio is forecast to underspend by £0.924m after the allocation of £6.933m of MHCLG Covid-19 grant funding. The major elements of the portfolio's Covid-19 costs are £1.272m of lost income from developers in respect of highways development control, £1.000m additional cost of construction supervision because of delayed schemes, £0.810m estimated increase in the cost of residual household waste and savings slippage of £1.168m.

Before the allocation of this funding, the main variances are:

Unallocated Budget Savings, £5.084m overspend – savings targets not yet allocated to specific services.

Waste Management, £1.840m underspend – due to savings under the service continuity arrangements.

Winter Maintenance, £1.327m overspend – the Council has 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. The Winter Service budget of £1.473m does not provide for more than a mild winter, so the Council is reliant on using contingency reserves for additional costs incurred as a result of a moderate or severe winter.

Highways Management and Land Reclamation, £1.155m overspend – mainly due to a reduction in the recharges to capital schemes as staff productivity is affected by the need to self-isolate or shield because of the Covid-19 pandemic.

Countryside Services, £0.482m overspend – reduction in income from Countryside sites and a planned £0.400m saving which will not be achieved in the year due to the Covid-19 pandemic.

The budget savings target for 2020-21 is £1.426m, with a further £5.234m target brought forward from previous years. Of this total target of £6.660m, £0.408m is expected to be achieved by the end of the financial year. Therefore there is currently a £6.252m forecast shortfall in achievement of budget savings, however the multi-year savings programme to 2024-25 does

allow for some slippage to be covered by prior years' underspends, still delivering the savings target in total.

Additional funding has been provided in the 2020-21 budget for the main growth items:

- Ash Dieback - £0.270m (one-off), to develop an action plan initiated by a programme of inspection to quantify the scale of the Ash Dieback problem across the Council's estate. It is anticipated that a multi-year funding commitment to survey, fell and replant trees on Council land will be required once this evaluation work has taken place. There has been no significant expenditure to date because of delays caused by the impact of Covid-19. A project officer will be in post by Autumn 2020, so expenditure is anticipated, although not all of this funding will be spent in 2020-21.
- Elvaston Castle Masterplan - £0.200m (one-off), being spent on preparatory costs and design work, mainly associated with the construction of the access drive and car park, as part of a programme of capital investment and income generation at Elvaston Castle approved by Cabinet on 20 December 2018. Work is progressing and it is anticipated that all of this funding will be spent in 2020-21.

Strategic Leadership, Culture and Tourism

A year-end overspend of £0.035m is projected after the allocation of £0.315m of MHCLG Covid-19 grant funding. Before the allocation of this funding, the main variances are:

Libraries, £0.521m overspend – savings are not expected to be realised as the Library Strategy and proposals to transfer the service to community management have been suspended due to the Covid-19 pandemic.

Policy, £0.427m underspend – due to vacancy control. Also, £0.200m of one-off funding was allocated to coordinate and plan measures to address the threat of Climate Change. It is forecast that this allocation will be fully spent by the end of the financial year.

Heritage, £0.203m overspend – planned savings from the withdrawal of Arts grants to the Community and Voluntary Sector are not anticipated to be achieved, as it is not expected that the transfer of the service to an alternative provider can proceed at this time due to the Covid-19 pandemic.

The budget savings target for 2020-21 is £1.899m, with a further £0.161m target brought forward from previous years. Of this total target of £2.060m, it is expected that £0.320m will be achieved by the end of the financial year.

Additional funding has been provided in the 2020-21 budget for the following items:

- Climate Change - £0.200m (one-off), the Council published its Climate Change Manifesto in May 2019. This funding is to advance the priorities identified in the Manifesto. It is forecast that this allocation will be fully spent by the end of the financial year.

Young People

The Young People portfolio is forecast to overspend by £0.519m after the allocation of £2.059m of MHCLG Covid-19 grant funding.

The forecast outturn position includes £1.390m of Dedicated Schools Grant income, as a contribution to the cost of supporting Early Help services and children with additional needs. Income from this source is not guaranteed to continue at the same level in future years.

Before the allocation of the Covid-19 grant funding detailed above, the main variances are:

Placements for Children in Care (or unable to remain at home), £2.661m overspend – 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. The planned introduction of a specialist fostering service for children with disabilities has been deferred for a year after the tender closing date for this service coincided with the Covid-19 pandemic resulted in no tenders to provide this service.

Unallocated Budget, £2.124m underspend – this includes the following amounts which have not yet been allocated to services: £1.390m allocation from the Dedicated Schools Grant, £0.425m of service pressure yet to be allocated, either because the forecast spend is lower than the existing budget or where staff have yet to be appointed, £0.282m allocated to the department for increased employer pension contributions and £0.268m of other grant funding.

Education Support Services, £1.612m overspend – predominantly in the Sport and Outdoor Education service. Scheduled programmes have ceased and staff at residential centres are providing respite accommodation and activities to children in care. The projection assumes that schools agree to pass through funding to the Schools Catering Service that they receive from the Department for Education for provision of Free School Meal.

Early Help and Preventative Services, £0.603 underspend – due to vacancies in Multi-Agency Teams, Children's Centres, Youth support and Youth Offending Support.

Support for Children with Disabilities, £0.479m overspend – increased demand for support and complexity of some individuals' needs.

Pensions Payable to Former Teachers and Other Staff, £0.413m overspend – enhanced pension obligations payable to staff who left under efficiency programmes during the early 1990s. Whilst the number of pensions being paid reduces each year, this is outweighed by the annual increase to those pensions still in payment.

A savings target of £2.350m has been allocated for 2020-21, with a further £0.829m target brought forward from previous years. Savings initiatives totalling £2.350m have been identified, of which £1.207m are expected to be achieved by the end of the financial year.

Additional funding has been provided in the 2020-21 budget for the main growth items:

- Placement Demand Pressures - £11.000m, to support the increase in the demand for placements and the increasing complexity of children and young peoples' needs. These costs have continued to increase in 2020-21 and there is concern for the wellbeing of children who have been less visible to school professionals during the first part of 2020-21. It is forecast that this allocation will be fully spent by the end of the financial year.
- Social Worker Recruitment - £1.300m plus one-off funding of £1.300m, as part of a four year recruitment plan to increase the number of social workers to ensure caseloads are at a healthy working level consistent with good practice. It is forecast that this allocation will be fully spent by the end of the financial year.
- Home to School Transport (SEN) - £1.000m plus one-off funding of £0.971m, to support the increased cost of transporting children and young people to school, pupil referral units or alternative provision when they have been excluded from mainstream schools. It is forecast that this allocation will be fully spent by the end of the financial year.
- Children in Care Legal Proceedings - £1.100m (one-off), reflecting the greater number of court proceedings and the increased use of external legal firms to present cases. It is uncertain, at present, whether this funding will be fully spent, as the use of external legal firms has not increased as much as anticipated, despite an increasing number of proceedings. The number of cases that can be managed by internal legal teams varies, depending on the length and complexity of cases. The projected costs of legal proceedings will be reviewed and revised as the year progresses.
- Preventative Support to Families - £1.000m (one-off), to support work with children and families. The number of referrals and children identified as 'in need' is increasing. It is forecast that this allocation will be fully spent by the end of the financial year.

- SEND Assessment and Planning - £0.600m, to provide additional staffing. It is expected that this funding will not be fully spent in 2020-21 due to delays in recruitment.
- Child Protection - £0.500m, to fund the cost of staff needed to respond to an increased number of children on protection plans. It is forecast that this allocation will be fully spent by the end of the financial year.
- Care Leavers - £0.498m (one-off), to meet the cost of additional statutory duties towards care leavers. It is forecast that this allocation will be fully spent by the end of the financial year.
- Service Transformation - £0.438m (one-off), to identify and implement improvements to service quality and efficiency. It is expected that this funding will not be fully spent in 2020-21 due to delays in recruitment.
- Increase in Special Guardianship Placements - £0.336m, to ensure the budget is sufficient to meet the current level of costs payable to those who have parental responsibility under a special guardianship order. It is forecast that this allocation will be fully spent by the end of the financial year.
- Quality Assurance SEND & Fostering - £0.214m (one-off), to introduce new processes to enable managers to analyse the performance of the Fostering and SEND services. It is expected that this funding will not be fully spent in 2020-21 due to delays in recruitment.
- Elective Home Education - £0.207m (one-off), to fund staff visits to assess the education provision to children educated at home by choice. The number of these children is increasing. It is forecast that this allocation will be fully spent by the end of the financial year.
- Support to Achieving Great Futures - £0.108m (one-off), to fund staff seconded to this project to review the pathways for people with disabilities and the services provided to them by the Council. It is expected that this funding will not be fully spent in 2020-21 due to delays in recruitment.
- Foster Carers - £0.100m, to cover the inflationary increase to foster carer allowances from April 2020. It is forecast that this allocation will be fully spent by the end of the financial year.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is a ring-fenced grant comprising four individual blocks: Schools Block, High Needs Block (HNB), 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.

The Department for Education (DfE) have clarified the ring-fenced status of the DSG by putting provisions into the School and Early Years Finance (England) Regulations 2020 that require that a cumulative DSG deficit must be carried forward to be dealt with from future years' DSG income, unless otherwise authorised by the Secretary of State not to do so. The updated

regulations require the Council to engage formally with the DfE on recovery plans if it has a deficit balance on its DSG or if it reports a substantial reduction in its DSG surplus.

There was a surplus of £0.188m in the closing net total DSG reserves at the end of 2019-20. However, after taking account of commitments the underlying balance was a deficit of £3.140m.

In January 2020, the Schools Forum agreed to leave £1.325m of the Pupil Growth Fund, unallocated within the Schools Block in 2020-21, as a contribution to resolving the deficit. The Council will also seek further opportunities to make reductions to DSG expenditure in 2020-21. The position will be further supported should Derbyshire receive another above inflation increase in its DSG settlement in 2021-22.

The expected DSG and sixth form grant income due to the Council in 2020-21 is £375.222m and the projected year-end expenditure is £373.864m. The expected underspend compared to income is £1.358m, of which £0.373m is ring-fenced to the Schools Block.

The variances on the other three blocks are:

Central Schools Services Block, £1.534m underspend – mainly due to unallocated growth. Also, support for schools to meet KS1 pupil/teacher ratios is projected to be below the allocated budget.

High Needs Block, £0.747m overspend – additional places purchased at Derbyshire special schools. This is the cost of the team to support an increased number of children and young people who have been temporarily or permanently excluded, or to provide preventative measures. Additional support paid to primary schools for pupils with high needs is above the allocated budget.

Early Years Block, £0.020m overspend.

Summary

The Covid-19 pandemic is having a significant impact on the Council's 2020-21 forecast outturn. The portfolios' projected outturn reflects the additional costs of the Council's response up to the end of June 2020 for all portfolios except for Adult Care, which is up to the end of May 2020, including the impact of slippage to the planned programme of savings which cannot yet be implemented as a result.

A Council portfolio overspend of £2.797m is forecast, after the use of £19.951m of MHCLG Covid-19 grant funding for immediate Covid-19 related costs.

The Risk Management Budget is forecast to overspend by £45.274m, as referred to in detail above. Any continuation of excess costs beyond December 2020 will see this shortfall rise still further. To mitigate this, overspend, any balance from the £4.000m set aside in the Revenue Budget 2020-21 from the Business Rates Pilot will be utilised to reduce the overspend.

The Debt Charges budget is projected to underspend by £2.675m. This is based on forecast interest payments, anticipated Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% in keeping with the policy reported to Cabinet on 22 November 2016 and a £3.500m 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.

The Council utilises a range of investments, including pooled funds, to maximise its interest and dividend income. Interest and Dividends received on balances is estimated to breakeven after the allocation of £1.378m of MHCLG Covid-19 grant funding, to address a forecast decrease in income from investments in pooled funds of £0.995m and other lost income due to Covid-19. The interest base rate fell to 0.10% on 10 March 2020, a historically low rate. Interest also accrues to the loan advances to the Buxton Crescent Hotel and Thermal Spa Company.

Corporate Adjustments are forecast to underspend by £0.014m after the allocation of £0.399m of MHCLG Covid-19 grant funding, reflecting that only £0.601m of the £1.000m savings target allocated is expected to be achieved by the Council paying its Local Government Pension Scheme contributions early. This is due to the decision not to pay in advance all the contributions due for the entire period 2020-21 to 2022-23, but rather to make separate early lump sum payments for each year. This decision was made in light of Covid-19, to preserve the Council's liquidity of cash flow amongst other considerations.

An overall Council overspend of £45.382m is forecast, after the use of £37.107m of MHCLG Covid-19 grant funding received and additional income of £3.323m estimated to be claimable under a Government scheme, announced on 2 July 2020, to compensate local authorities for lost income due to Covid-19. Additional Covid-19 grant funding, also announced on 2 July 2020, is expected to contribute a further £5m to £7.5m towards the Covid-19 funding gap.

Details of the Council's Earmarked Reserves balances as at 29 June 2020 are set out in Appendix One.

A summary of the expected achievement of budget savings targets is provided at Appendix Two. The budget savings target for 2020-21 is £18.795m, with a further £6.332m target brought forward from previous years. The savings

initiatives identified to meet this target currently fall short by £9.724m, therefore further proposals will need to be brought forward to ensure the Council continues to balance its budget. Of this total target of £25.127m, £4.599m is expected to be achieved by the end of the financial year. Therefore, there is a £20.528m forecast shortfall in achievement of budget savings. The resulting base budget overspend is offset to some extent by one-off underspends or is being met from one-off funding from earmarked reserves and additional grant funding received.

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

The General Reserve stands at £53.745m as at 1 July 2020. There are commitments in the 2019-20 outturn report held against this balance as follows:

General Reserve at 1 July 2020

	£m
Balance	53.745
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 Outturn Commitments	<hr/> 49.888

The level of General Reserve is currently 9.15% of the Council's Net Budget Requirement, after commitments in the 2019-20 Outturn Report. In addition, further commitments are held against this General Reserve balance, which were referred to in the Council's 2020-21 Revenue Budget Report. At that time the General Reserve, was a pessimistic forecast, was predicted to decrease to 2.2% (£12.793m) of the Council's Net Budget Requirement by 2024-25. The majority of chief financial officers consider 3% to 5% of a council's net spending to be a prudent level of risk based reserves.

3 Financial Considerations

As set out above.

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, transport and social value considerations.

5 Background Papers

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

6 Key Decision

No.

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

No.

8 Officer's Recommendation

That Cabinet:

8.1 Notes the 2020-21 budget monitoring position as at 31 May 2020.

PETER HANDFORD

Director of Finance & ICT

Earmarked Reserves as at 29 June 2020

Adult Care	£m
Older People's Housing Strategy	30.000
Other reserves	0.046
Total Adult Care	30.046
Corporate Services	
Revenue Contributions to Capital	25.682
Loan Modification Gains	25.254
Insurance and Risk Management	20.085
Planned Building Maintenance	5.275
Business Rates Relief Grant	5.000
Business Rates Pool	4.672
Prior Year Underspends	3.772
Uninsured Financial Loss	3.500
Computer Purchasing	2.828
Property Insurance Maintenance Pool	2.672
Budget Management	2.615
PFI Reserves	2.340
Property DLO	2.299
Change Management	1.807
Business Rates Strategic Investment Fund	1.013
Other reserves	5.361
Total Corporate Services	114.175
Economic Development and Regeneration	
D2 Growth Fund	0.200
Markham Environment Centre	0.114
Other reserves	0.381
Total Economic Development and Regeneration	0.695
Health and Communities	
Domestic Abuse	1.622
S256/External Funding	0.244
Proceeds of Crime	0.135
Trusted Trader	0.101
Other reserves	0.218
Total Health and Communities	2.320
Highways, Transport and Infrastructure	
Prior Year Underspends	9.803
Winter Maintenance	2.000
Commuted Highways Maintenance	1.137

APPENDIX 1	Public
Road Safety Public Service Agreement (PSA)	1.079
Derby and Derbyshire Road Safety Partnership Reserve	0.632
Waste Recycling Initiatives	0.598
IT Reserve	0.523
Other reserves	1.377
Total Highways, Transport and Infrastructure	17.149
Strategic Leadership, Culture and Tourism	
Policy and Research	0.715
Community Managed Libraries	0.742
Derbyshire Challenge Fund	0.447
Library Restructure	0.429
Derwent Valley Mills World Heritage Site	0.176
Other reserves	0.568
Total Strategic Leadership, Culture and Tourism	3.077
Young People	
Tackling Troubled Families	3.894
Standards Fund (Schools)	0.726
School Rates Refunds	0.721
Childrens Services IT Systems	0.706
Primary Teacher Pool Premium	0.465
Youth Activity Grants	0.283
Foster Carer Adaptations	0.295
High Needs Strategic Funding	0.229
Other reserves	0.607
Total Young People	7.926
Total Portfolio Earmarked Reserves	175.388
Schools	
Schools Balances	23.897
Dedicated Schools Grant (DSG)	0.188
Total balances held for and on behalf of schools	24.085
Public Health Grant	7.424

APPENDIX 2

Budget Savings Monitoring 2020-21

Portfolio	Budget Savings Targets			Ongoing Savings Initiatives	Target not Identified	Actual Savings Forecast	Savings Shortfall
	Not yet achieved Brought Forward	Prior Year £m	Current Year £m	Total Target £m	Total Identified £m	(Shortfall)/ Additional Identified Savings £m	Forecast to be achieved by Financial Year End £m
AC	(0.427)	3.784	3.357	0.337	(3.020)	0.337	(3.020)
CGR	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CS	0.535	4.120	4.655	4.831	0.176	1.510	(3.145)
HC	0.000	0.216	0.216	0.216	0.000	0.216	0.000
HTI	5.234	1.426	6.660	1.576	(5.084)	0.408	(6.252)
SLCT	0.161	1.899	2.060	1.093	(0.967)	0.320	(1.740)
YP	0.829	2.350	3.179	2.350	(0.829)	1.207	(1.972)
Other	0.000	5.000	5.000	5.000	0.000	0.601	(4.399)
Total	6.332	18.795	25.127	15.403	(9.724)	4.599	(20.528)

APPENDIX 3

Age profile of debt, relating to income receivable, at 12 June 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						
0.900	7.297	1.150	0.705	0.405	0.640	11.097
8.1%	65.8%	10.4%	6.4%	3.6%	5.8%	100.0%
Children's Services						
0.053	0.691	0.030	0.013	0.005	0.013	0.805
6.6%	85.8%	3.7%	1.6%	0.6%	1.6%	100.0%
Economy, Transport and Environment						
1.787	2.745	1.239	0.277	0.017	0.015	6.080
29.4%	45.1%	20.4%	4.6%	0.3%	0.2%	100.0%
Commissioning, Communities and Policy						
0.658	3.760	0.718	0.187	0.084	0.173	5.580
11.8%	67.4%	12.9%	3.4%	1.5%	3.1%	100.0%
All Departments						
3.398	14.493	3.137	1.182	0.511	0.841	23.562
14.4%	61.5%	13.3%	5.0%	2.2%	3.6%	100.0%

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

Department	£m
Adult Social Care and Health	0.253
Children's Services	0.045
Economy, Transport and Environment	0.013
Commissioning, Communities and Policy	0.013
All Departments	0.324