

**DERBYSHIRE COUNTY COUNCIL**  
**CABINET MEMBER FOR CORPORATE SERVICES**

**15 April 2021**

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

**PERFORMANCE AND BUDGET MONITORING/FORECAST OUTTURN  
2020/2021 AS AT QUARTER 3**

**1 Purpose of the Report**

To provide the Cabinet Member with an update of the Council Plan performance position and the revenue budget position of the Corporate Services portfolio for 2020/2021 up to the end of December 2020 (Quarter 3).

**2 Information and Analysis**

**2.1 Integrated Reporting**

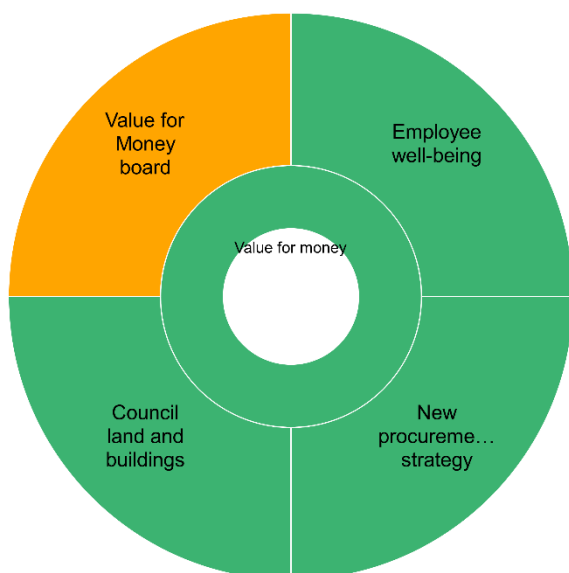
This report presents both financial and Council Plan performance data. The performance summary sets out progress on the Council Plan deliverables and measures led by the Corporate Services portfolio. The remainder of the report gives a summary and detail on the revenue budget position for the portfolio.

As an overview, the report shows that progress is "good" for the majority of the Council Plan deliverables led by the portfolio, however the deliverable "Value for Money board" has been flagged as "requiring review" because of delays caused by covid-19. After the use of additional Covid-19 funding, the budget forecast position for 2020/2021 is an overspend of £2.314m. It is forecast that £2.513m of savings will have been achieved by the year end. This compares to target savings of £5.866m and the value of savings initiatives, which have been identified for implementation in the current year, of £4.931m.

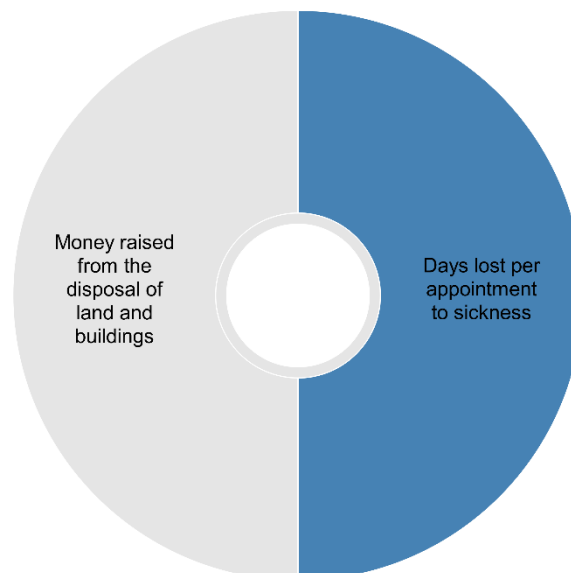
**2.2 Performance Summary**

The following shows an overview for Quarter 3 of progress on the Council Plan deliverables and measures relating directly to Corporate Services.

Deliverable Progress



Performance Measures Against Target



Performance Measures Against Target

	2018/2019	2019/2020	2020/2021	Target	Performance
Average number of days lost per appointment to sickness (Not including schools)	9.9	10.4	9.4	10.0	★
Amount of money raised from the disposal of land and buildings		£2,898,546	£2,741,393		

**Key**   ★ Strong   ✓ Good   ◼ Review   📌 Action   ◼ Data not available/Target not set

Progress is "good" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- All Departments have agreed to transition contract data onto the central contracts register. When complete, we will have a Council wide view of the contractual landscape to enable better procurement planning.
- The first business cases for asset rationalisation have been approved by the Limited Liability Partnership. Sales of land and buildings has raised over £2.7m so far this year.
- The Council remains on track to achieve its target of 10 days lost per appointment to sickness across the Council. There was an improvement to 9.4 days in quarter 3 from 10.3 at quarter 2.

Key areas for consideration are:

- Covid-19 caused delays to the Value for Money Board however progress is now being made and the objectives are on track to be delivered.

Further information on the portfolio's Council Plan performance are included at Appendix A.

## 2.3 Budget Forecast Summary

The net controllable budget for the Corporate Services portfolio is £44.036m. An additional £3.296m Covid-19 funding will be added to the budget to give a total of £47.332m.

The Revenue Budget Monitoring Statement prepared for quarter 3 indicates there will be a forecast year-end overspend of £5.610m without Covid-19 funding.

As this overspend will be supported by the use of £3.296m of additional Covid-19 funding, which has been allocated to the Council to support the costs incurred as a result of the pandemic, the forecast position is an overspend of £2.314m.

Forecast outturn against target budget

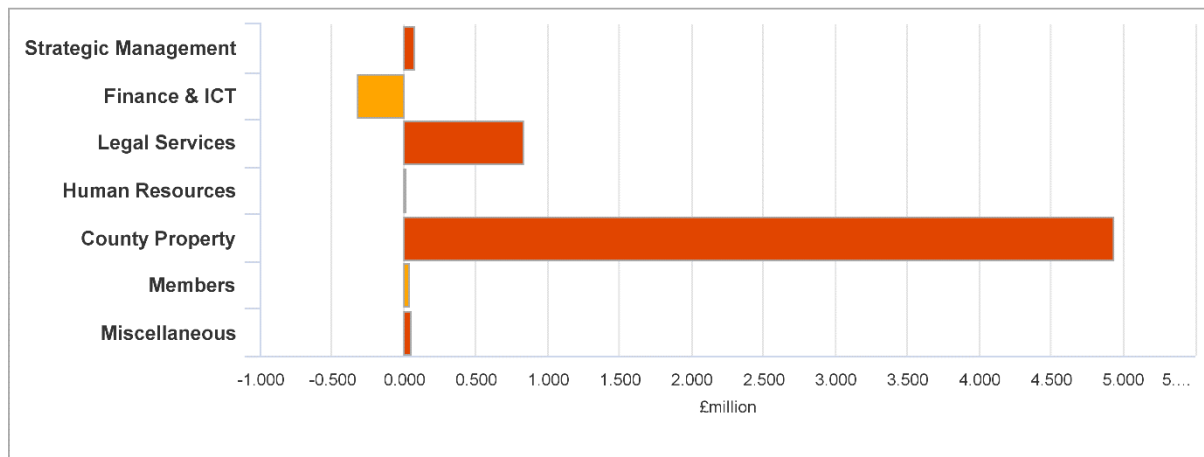


The significant areas which make up this forecast are shown in the following table and graph below:

Corporate Services Budget Items

	Controllable Budget £m	Full Year Forecast £m	Forecast Under (-)/ Over Spend £m	Percentage Under (-)/ Over Spend	Budget Performance
Strategic Management	0.301	0.372	0.071	23.6%	🚩
Finance & ICT	17.883	17.564	-0.319	-1.8%	🟡
Legal Services	4.311	5.141	0.830	19.3%	🚩
Human Resources	8.205	8.213	0.008	0.1%	🟡
County Property	10.157	15.095	4.938	48.6%	🚩
Members	1.954	1.991	0.037	1.9%	🟡
Miscellaneous	1.225	1.270	0.045	3.7%	🚩
<b>Total</b>	<b>44.036</b>	<b>49.646</b>	<b>5.610</b>	<b>12.7%</b>	🚩
Covid-19 Funding	3.296				
<b>Total after use of additional funding</b>	<b>47.332</b>	<b>49.646</b>	<b>2.314</b>	<b>4.9%</b>	🚩

## Forecast Under (-)/Over Spend



## 2.4 Key Variances

### 2.4.1 Finance & ICT, underspend £0.319m

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 ICT restructure more effectively. Corporate Finance are also reporting underspends as a result of vacancy control in preparation for the finance review.

### 2.4.2 Legal Services, overspend £0.830m

Previously planned Legal Services savings of £0.375m will no longer be achieved until a new Legal Services operating model is introduced. Work on achieving the new model is underway following the appointment of the Director of Legal Services. The finalisation of the Democratic Services savings target of £0.050m has yet to be determined.

In Legal Services there has been a need to fill vacancies due to the excessive work pressures. Part of the overspend is within the Childcare team where demand in childcare cases has led to the employment of an additional 1.6 fte posts. These are not considered to be a COVID cost as they are current vacancies and are needed to relieve the pressure on existing staff. Further staff are required in order to meet the additional workload a business case has been produced as the existing budget is not sufficient for the full establishment that is required to meet the normal workload.

Democratic Services has incurred additional costs on the support and maintenance of the Audio Visual system in the Council Chamber of £0.016m. In addition they anticipate reduced income of £0.017m from the Police and Crime Panel grant, these staff are being utilised on activities which do not relate to the grant.

The Management and Members Personnel Assistant's budget had savings applied last year (2019/20) which was to be achieved by reducing the staffing budget. This has not happened and as such is overspending this year (£0.033m).

A reduction in costs on equipment rental in the Business Unit has resulted in an underspend of £0.015m.

#### 2.4.3 Human Resources, overspend £0.008m

Phase 2 savings of the HR Review will be realised in 2021/22 as agreed by Cabinet in September 2019. For 2020/21 these savings will be met through use of the CCP underspend reserve.

#### 2.4.4 County Property, overspend £4.938m

The overspend has decreased by £0.005m (from £4.943m at Quarter 2). The forecast year end overspend for County Property includes £2.224m Covid costs. These have increased by an additional £1.25m Covid 19 costs recognised in the DSO Trading Account. This has been offset by additional fee income of £1.178m that has been realised since Quarter 2 in respect of Homes for Older People refurbishments and revisions to a number of projects.

This overspend includes a savings target of £1.893m which will be achieved through the partnership work with PSP Derbyshire LLP (Public Sector PLC Derbyshire Limited Liability Partnership).

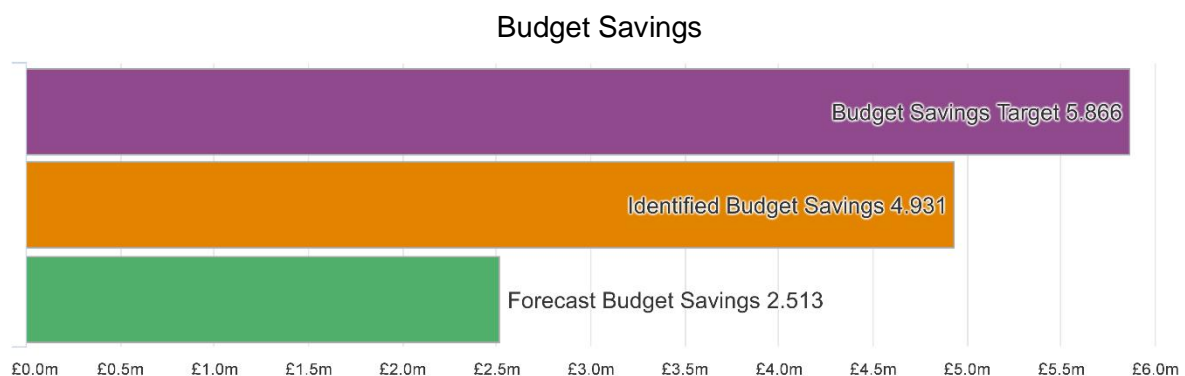
Expenditure is at the same rate as in previous years yet income is substantially lower as Covid-19 is having an additional impact by reducing the rate at which fee income can be earned on capital construction projects.

## 2.5 Budget Savings

Budget reduction targets totalling £5.190m were allocated for the year. Further reductions allocated in prior years, totalling £0.676m, had not been achieved and were brought forward to the current year. This has resulted in total reduction targets to be achieved of £5.866m at the start of the year.

The value of the savings initiatives which have been identified for implementation in the current year is £4.931m.

The shortfall between the total targets and the identified savings initiatives is £0.935m.



The shortfall between the total reductions expected to be achieved and the identified savings initiatives at the start of the year is £2.418m. This includes Property's target of £1.893m which will be achieved by introducing PSP Derbyshire LLP (Public Sector PLC Derbyshire Limited Liability Partnership). The LLP is now established and projects will require reporting and validation before they can commence. Legal savings of £0.375 will not be achieved this year due to delays in implementing the Legal Services Delivery Model (Core/Core Plus offer) and increased work due to Covid-19. HR savings are supported by £0.723m from reserves as this will not be achieved until phase two of the review on 1 April 2021. Savings achieved include £0.250m on additional interest receipts in Corporate Finance that will be covered by Covid-19 funding this year.

It is forecast that £2.513m of savings will have been achieved by the year-end. The table below shows performance against the target.

#### Budget Savings Initiatives

	Target	Forecast to be Achieved by the end of 2020/21 £m	Shortfall (-)/ Additional Savings Achieved £m	
ICT Contract review	0.075	0.075	0.000	✓
ICT Benefit from new business systems	0.100	0.100	0.000	✓
ICT Restructure	0.500	0.500	0.000	✓
ICT Rationalisation of systems	0.100	0.100	0.000	✓
Corp Fin-Insurance fund contributions	0.350	0.350	0.000	✓
Corp Fin-Additional interest receipts	0.250	0.250	0.000	✓
Corporate Finance restructure	0.140	0.140	0.000	✓
Corp Fin VR/VER Budget	0.018	0.018	0.000	✓
Legal Services	0.375	0.000	-0.375	✗
Legal-Democratic Services	0.050	0.000	-0.050	✗
Legal-Business Centre	0.050	0.050	0.000	✓
Property-Introduction of PSP Derbyshire LLP	1.893	0.000	-1.893	✗
Review HR structures	0.930	0.930	0.000	✓
Channel Shift	0.100	0.000	-0.100	✗
<b>Total Position</b>	<b>4.931</b>	<b>2.513</b>	<b>-2.418</b>	✗
Shortfall/(Surplus) of Identified Savings	0.935	0.000	-0.935	
<b>Budget Savings Target</b>	<b>5.866</b>	<b>2.513</b>	<b>-3.353</b>	✗
	Budget Reduction Amount £m			
Prior Year B/f	0.676			
Current Year	5.190			
<b>Budget Savings Target</b>	<b>5.866</b>			

## 2.6 Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2020/2021:

### 2.6.1 ICT strategy - £0.200m ongoing

To ensure that ICT is aligned with the requirements of the business, in particular in delivering the Enterprising Council programme.

### 2.6.2 Grade 9 legal assistant - £0.023m ongoing

The assistant will support the Adult Care team in Legal Services.

### 2.6.3 Legal Services - £0.300m one-off

To support the provision of service due to the level of demand.

2.6.4 GDPR (General Data Protection Regulation) - £0.180m one-off  
To fund the completion of the GDPR project.

2.6.5 IKEN (Legal case management platform) - £0.042m one-off  
To fund the replacement of the Solcase system in Legal services.

## 2.7 Financial 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:

Financial Risks

Service	Risk	Sensitivity* £m	Likelihood 1 = Low, 5 = High
All	There is a risk that Covid-19 could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above. It is difficult to quantify the risk at present.	0.500	2

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



## 2.8 Earmarked Reserves

Earmarked reserves totalling £56.684m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves		£m
Insurance and Risk Management	=	20.085
Planned Building Maintenance	=	6.525
Commissioning, Communities and Policy	▼	4.678
Corporate-Business Rates Pool	=	4.672
Uninsured Financial loss	▼	3.082
Computer Reserve Fund	↑	2.854
Budget Management	=	2.615
PFI/BSF	=	2.340
Property DSO	=	2.299
Property IMP 2018	▼	2.033
Change Management	=	1.778
Communities Priorities Programme	=	0.901
Exchequer	=	0.850
Core Systems	↑	0.667
Property IMP scheme	=	0.591
Demolition of buildings	=	0.377
Equal Pay	=	0.277
Local Authorities Energy Programme	=	0.060
<b>Total Reserves</b>	<b>▼</b>	<b>56.684</b>

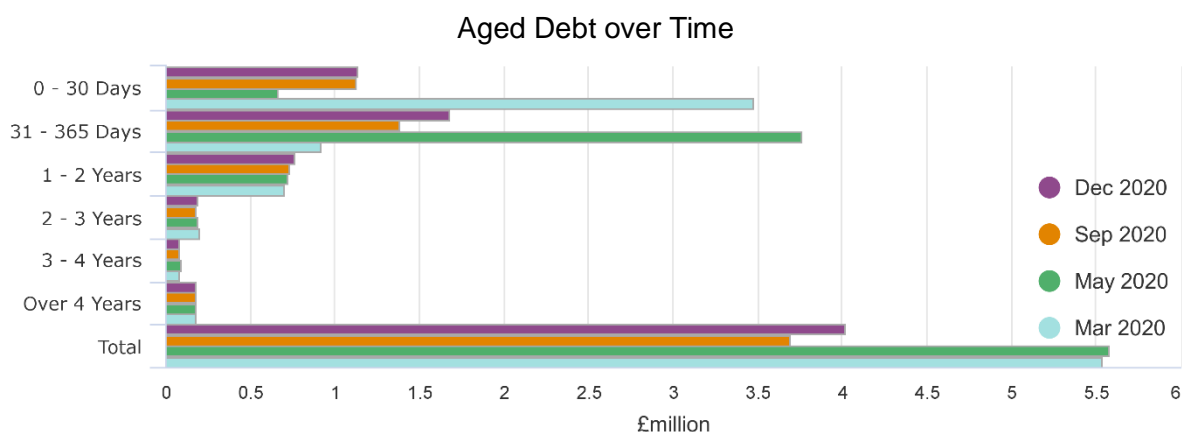
### Key

- ↑ Reserve has increased over the quarter
- = Reserve is unchanged over the quarter
- ▼ Reserved has decreased over the quarter

## 2.9 Debt Position

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

Debt Position						
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
1.133	1.677	0.758	0.187	0.082	0.180	4.017
↑	↑	↑	↑	=	↓	↑
28.2%	41.7%	18.9%	4.7%	2.0%	4.5%	100.0%



In the year up to 31 December 2020 the value of debt that has been written off totals £0.029m.

## 3 Financial Considerations

As detailed in the report.

## 4 Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, legal and human rights, equal opportunities, human resources, environmental, health and 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 the Commissioning, Communities and Policy Department. Officer contacts – Julia Wilks (finance), Matthew Walters (performance).

## **8 Officers' Recommendation**

That the Cabinet Member notes the report and considers whether there are any further actions that should be undertaken to improve the budget position moving forwards or to address performance, where it has not met the desired level.

EMMA ALEXANDER

Managing Executive Director  
Commissioning, Communities and  
Policy

PETER HANDFORD

Director of  
Finance & ICT

# Corporate Services Quarter 3 Performance Report 2020/2021

## Progress on Council Plan deliverables and key measures

### Value for Money

#### Ensured Council contract decisions deliver value for money through the Council Value for Money Board

The impact of Covid-19 on County Procurement and Service Function resources meant that the majority of Value for Money (VFM) Board meetings planned for 2020 were cancelled with procurement priority given to supporting and maintaining service delivery.

This has set back the planned progress for this deliverable however the first set of three contract reviews have been undertaken and will be presented at the next board meeting. Meetings for 2021 have all been scheduled and in addition a presentation is arranged for 27th January 2021 to demonstrate the proposed new approach to delivering and measuring social value and value for money. Whilst behind the planned timescale the objectives of the VFM board are on track to be delivered.

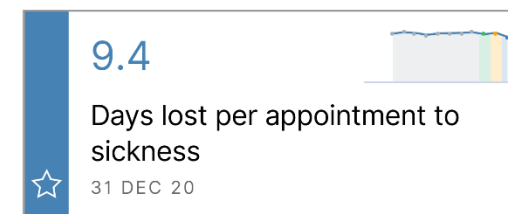
#### Improved employee well-being by redefining and reprioritising the Wellbeing Action Plan

The Employee Assistance Programme has been extended for a further 6 months.

The Sickness Absence Delivery Group has reviewed the primary sickness absence codes and developed and implemented new mandatory secondary codes for managers to complete when entering employee sickness. This will allow the Council to better understand the reasons for sickness absence and target interventions accordingly. Compulsory training for line managers on sickness recording and management along with manager guides to recording sickness have also been developed and launched to encourage accurate day one reporting of sickness absence.

Monthly sickness absence data is now presented to departmental management teams.

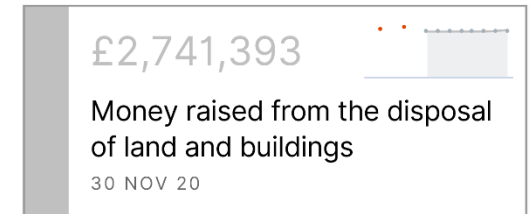
The average days lost per appointment in the 12 months up to the end of quarter 3 was 9.4, an improvement on the quarter 2 figure of 10.3 days and below the target of 10.0 days set for this year.



**✓ Maximised the opportunities presented by Covid-19 to reduce our operating footprint, enabling increased operational efficiency through rationalisation of our land and building assets**

The rationalisation of the Council's property portfolio is progressing following the establishment of Vertas (Derbyshire) Limited and Concertas (Derbyshire) Limited. A methodology for asset reviews has been developed and a prioritisation programme for the next three years established. A capital programme of work for the coming year and specific capital bids have been compiled and will be approved during quarter.

A total of £89,012 was received during October and November against the sale of 3 properties with additional funds to be received on completion.



**✓ Achieved key milestones in the implementation of the Procurement Strategy to help the Council to procure goods and services at reduced costs which achieve value for money**

A key milestone has been achieved in quarter 3 with all Departments now agreeing to transition contract data onto the central contracts register. On completion this means we will have successfully delivered a Council wide view of our contractual landscape which will enable better procurement planning and contract visibility.

Proposals for a Contract Management Professional Standards team have now been put forward to enable another key milestone to be achieved. This team will be key in delivering better procurements and driving value for money.

**Key** Strong Good Review Action Data not available/Target not set