



## **Quarter 1 Revenue Budget Monitoring 2015/16**

### **SUMMARY**

- 1.1 This report provides details of the latest financial position and forecast outturn for the 2015/16 Revenue Budget as at quarter 1. This is in line with the agreed strategy of reporting revenue budget monitoring figures on a monthly basis to Chief Officer Group and on a quarterly basis to Cabinet for approval and action as necessary.
- 1.2 The latest forecast position shows an overspend of £2.082m (+0.94%) against the budget requirement of £221,791,594. The directorate pressures are being managed in order to minimise the year end outturn, and the position will be updated at quarter 2.
- 1.3 The current forecasting methodology requires the earliest possible indication of possible savings, rather than waiting until the year end. As a result, these forecasts may change as further information is available and if demand for service rises above the latest forecast.
- 1.4 Delayed savings across a number of service areas may result in a call on the budget risk reserve, as indicated when the 2015/16 budget was set. The position will be refined by Quarter 2 and further consideration given before this is implemented
- 1.5 Savings targets of £19,673,000 are included within the 2015/16 budget figures and the forecast achievement of these savings is included within the overall budget forecast above. Further details of current forecast savings delivery are included in section 6.

### **RECOMMENDATION**

- 2.1 To note the financial monitoring position and the current progress of savings delivery as at quarter 1.
- 2.2 To approve the movement in reserves requested in section 5.

### **REASONS FOR RECOMMENDATION**

- 3.1 To update Cabinet of the Council's financial position as at quarter 1 and to provide a forecast of the projected outturn for the 2015/16 Revenue Budget.
- 3.2 To comply with the agreed strategy of reporting revenue budget monitoring figures on a quarterly basis to Cabinet for approval and action as necessary.
- 3.3 Under Section 28 of the Local Government Act 2003 the Council must review its performance against budget and, if there has been deterioration in its financial position, must take appropriate action to deal with the situation.

- 3.4 Where actions are required to meet the Council's statutory obligation to achieve a balanced budget position the solutions presented in this report are deemed to be the most appropriate.



Derby City Council

**COUNCIL CABINET**  
**5 August 2015**

Report of the Acting Chief Executive

<b>SUPPORTING INFORMATION</b>
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## 4 UPDATE ON REVENUE BUDGET 2015/16

- 4.1 The summary revenue budget variance is shown below. Services and directorates with net pressures are taking actions to bring their budgets back into balance.

**Table 1: Summary of Revenue Budget Variances**

Directorate	Net Controllable Budget 2015/16* £000s	Forecast Outturn Position £000s	Pressure at Quarter 1 £000s	Net Controllable Budget %
Adults, Health and Housing	85,214	82,640	(2,574)	(3.02)
Chief Executives' Office	2,512	2,512	0	0.00
Children and Young People (including Schools)	55,913	58,013	2,100	3.76
Neighbourhoods	46,781	47,762	981	2.10
Resources	25,143	25,518	375	1.49
Corporate Budgets and Contingencies	14,654	15,854	1,200	8.19
<b>Sub Total</b>	<b>230,217</b>	<b>232,299</b>	<b>2,082</b>	<b>0.90</b>
Use of Reserves	(8,003)	(8,003)	0	0.00
RCCO	(422)	(422)	0	0.00
<b>Net Budget Requirement</b>	<b>221,792</b>	<b>223,874</b>	<b>2,082</b>	<b>0.94</b>

\* Net Controllable Budgets are shown after adjustment for requested movement in reserves

### **Adults Health and Housing (AHH)**

- 4.2 The AHH budget for 2015/16 was significantly increased to reflect the anticipated historic and future increases in demand on the service, including transition from CYP to AHH.

The latest analysis indicates that a number of anticipated clients have yet to present to the service and the forecast client numbers have reduced, in particular in Community Care, due to demand management strategies.

Alongside this, there is a forecast reduction in staff costs of £194,000 due to higher than anticipated staff turnover.

The overall latest position show an early forecast underspend of £2.574m against the overall base budget position, however this will continue to be refined as client numbers are monitored during the year and may change if client numbers start to rise.

### **Chief Executive's Office**

- 4.3 The Chief Executive's Office is forecasting a balanced budget for 2015/16.

### **Children and Young People (CYP)**

- 4.4 The Children and Young People directorate is forecasting a pressure of £2.1m for the financial year 2015/16. This is mainly due to pressures on looked after children agency costs.

There will continue to be robust challenge and review of directorate expenditure by the management team in order to mitigate the potential year end pressure.

### **Neighbourhoods**

- 4.5 The Neighbourhoods directorate is forecasting a net overspend of £981,000. This is due to delayed implementation of a number of savings including staff restructures and the proposed staff parking scheme; lower than anticipated income from leisure centres, Derby Live and Park services, and a net pressure in refuse collection.

Work is continuing to refine this forecast and efforts are focused on improving the position, specifically by achieving the income targets.

### **Resources**

- 4.6 The Resources directorate is currently forecasting a net overspend of £245,000. This is due to delayed implementation of a number of savings including staff restructures and lower than anticipated income in Legal & Democratic Services, offset by savings in staff costs allocated to specific projects and in year management savings.

Work is continuing to refine this forecast and management continues to challenge directorate expenditure, including non essential spend to minimise the year end position.

### **Corporate Budgets**

- 4.7 Cross departmental savings and contingencies are forecast to breakeven as unspent contingencies will be transferred to specific or general reserves at 31 March 2016 in line with financial procedure rules.
- 4.8 However announcements from the government indicate an in year reduction to the level of Public Health funding previously notified to the Council. This reduction is estimated at £1.2m. There are reserves available to partly mitigate this position should it arise later in the financial year.
- 4.9 There is an anticipated underspend within Treasury Management of £6.0m. It is recommended that this saving is transferred to the budget risk reserve for future consideration.

## **5 Reserves Monitoring**

In order to achieve a balanced budget at year end, Cabinet is asked to approve the movement in reserves of (£6,000,000) as detailed below:

Explanation	£000s
Transfer of quarter 1 anticipated treasury management saving to the budget risk reserve	(6,000)
<b>Total</b>	<b>(6,000)</b>

## 6 Delivery of Savings

6.1 The Council's Revenue Budget for 2015/16 includes significant savings targets for each directorate in order to support a balanced budget position. Forecast achievement of these savings has been included within the overall forecast budget outturn position reported in section 2.

**Table 3: Analysis of Achievement of Savings by Directorate:**

Directorate	Savings Target Included in 2015/16 Budget £000s	Savings Achieved at Quarter 1 £000s	Further Savings Forecast to be Achieved £000s	Total Forecast Savings Delivery £000s	Net Variance at Quarter 1 £000s	Net Variance at Quarter 1 %
Adults, Health and Housing	(2,102)	(1,908)	0	(1,908)	194	9.23
Chief Executive's Office	(1,003)	(50)	(953)	(1,003)	0	0.00
Children and Young People	(813)	(132)	(225)	(357)	456	56.09
Neighbourhoods	(5,242)	(3,994)	(878)	(4,722)	370	7.06
Resources	(3,925)	(2,153)	(1,722)	(3,925)	0	0.00
Corporate Budgets and Contingencies	(6,588)	(5,988)	(600)	(6,588)	0	0.00
<b>Total</b>	<b>(19,673)</b>	<b>(14,075)</b>	<b>(4,378)</b>	<b>(18,503)</b>	<b>1,020</b>	<b>5.12</b>

### Adults Health and Housing

6.2 The Adults, Health and Housing directorate has achieved savings of (£1,908,000) to date. However £194,000 of the (£2,102,000) savings target is unlikely to be achieved in 2015/16, these savings are:

- £14,000 training budget saving
- £50,000 saving relating to the review of voluntary sector grants plus related staffing levels
- £100,000 savings target in strategic commissioning

- £30,000 saving in relation to the Padley Day Centre.

### **Chief Executives Office**

- 6.3 The Chief Executive's Office is currently forecasting to achieve the implementation of the (£1.003m) saving target by the end of the financial year. £623,000 of this saving target relates to staffing, which may not be fully achieved in 2015/16 due to timing of the implementation of new structures. The majority of the balance relates to increased income generation, the service have been exploring all income generation opportunities to ensure this saving achieved.

### **Children and Young People**

- 6.4 The Children and Young People directorate has currently achieved savings of (£132,000) against a target of (£813,000). Further savings of (£225,000) are forecast to be achieved during the financial year. The remaining £456,000 is unlikely to be achieved in 2015/16 due to pressure on the looked after children service and slower than anticipated foster care bed conversions from independent fostering agencies to an in house provision.

### **Neighbourhoods**

- 6.5 The Neighbourhoods directorate is forecasting savings of (£4,722,000) will be achieved by the end of 2015/16. £370,000 of the (£5,242,000) savings target are unlikely to be achieved by the directorate due to slippage on the following savings targets:
- £150,000 saving for the new staff parking permits scheme
  - £130,000 Moorways stadium saving
  - £25,000 contract review saving
  - £35,000 staffing savings unlikely to be achieved in 2015/16
  - £30,000 cleaning and caretaking savings.

### **Resources**

- 6.6 The Resources directorate has currently achieved savings of (£2,153,000) against a savings target of £3,925,000. The remainder of these savings are forecast to be achieved by the end of the financial year.

### **Corporate Budgets**

- 6.7 (£5,988,000) of the corporate savings target has been achieved to date. The remaining £600,000 relating to the management restructure is forecast to be achieved by the year end.

<b>OTHER OPTIONS CONSIDERED</b>
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- 7 The Council has a statutory obligation to achieve a balanced budget position and the above solutions are deemed to be the most appropriate.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples Director of Finance and Procurement
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications



<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 As detailed in the main body of the report and appendices.

**Legal**

2.1 None directly arising.

**Personnel**

3.1 None directly arising

**IT**

4.1 None directly arising.

**Equalities Impact**

5.1 None directly arising

**Health and Safety**

6.1 None directly arising.

**Environmental Sustainability**

7.1 None directly arising.

**Property and Asset Management**

8.1 None directly arising.

**Risk Management**

9.1 There is a risk that the potential reduced pressures/savings are not fully achieved.

**Corporate objectives and priorities for change**

10.1 None directly arising.



