



Derby City Council

**COUNCIL CABINET**  
**11 November 2015**

Report of the Leader of the Council

# ITEM 16

## Quarter 2 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 2. 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 £0.321m (+0.14%) against the budget requirement of £221.792m. The directorate pressures are being managed in order to minimise the year end outturn.
- 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 Included within the forecast outturn are a number of one-off pressures totalling £0.871m. These pressures are due to staffing restructures and reductions being implemented after 1 April 2015 and therefore not achieving a full year saving. This slippage was anticipated and specific corporate funding was previously identified within the budget risk reserve. Applying this funding would improve the forecast outturn to a £0.550m underspend. However it is recommended that this position is monitored to establish if overall performance contains these pressures.
- 1.5 Savings targets of £19.673m 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 2.
- 2.2 To approve the movement in reserves requested in section 5.

<b>REASONS FOR RECOMMENDATION</b>
-----------------------------------

- 3.1 To update Cabinet of the Council's financial position as at quarter 2 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.



**COUNCIL CABINET**  
**11 November 2015**

Report of the Chief Executive

**SUPPORTING INFORMATION**

**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*	Forecast Outturn Position	Position at Quarter 2	Net Controllable Budget
	£000s	£000s	£000s	%
Peoples Services - Adults	82,421	79,916	(2,505)	(3.04)
Peoples Services - CYP	56,037	58,037	2,000	3.57
Communities and Place	46,772	47,342	570	1.22
Organisation and Governance	45,291	45,547	256	0.57
<b>Sub Total</b>	<b>230,521</b>	<b>230,842</b>	<b>321</b>	<b>0.14</b>
Use of Reserves	(8,307)	(8,307)	0	0
RCCO	(422)	(422)	0	0
<b>Net Budget Requirement</b>	<b>221,792</b>	<b>222,113</b>	<b>321</b>	<b>0.14</b>

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

**Peoples Services - Adults**

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

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.

The overall latest position show a forecast net underspend of £2.505m 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. The position also contains the increased pressure of Deprivation of Liberty – Safeguards (DoLS) of 0.165m. Activity for requests for DoLS authorisations have doubled in 2015/16.

The surplus position is after the requested transfer to reserves of:

- £0.34m to cover the balance of the impending in year claw back of Public Health funding (est. £1.116m)
- £1.014m of one off Care Act funding as it is anticipated that the pressures from the Care Act are likely to emerge later in the year or in subsequent years.

### **Peoples Services – Children's**

- 4.3 The Children's Service is forecasting a net overspend of £2.0m 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.

### **Communities and Place**

- 4.4 The Communities and Place directorate is forecasting a net overspend of £0.570m. 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.

### **Organisation and Governance**

- 4.5 The Organisation and Governance directorate is currently forecasting a net overspend of £0.256m. This is mainly 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.

The directorate has received a one-off settlement. It is recommended that £0.1m is transferred to reserves to fund additional ICT exit costs.

## 5 Reserves Monitoring

Cabinet is asked to approve the movement in reserves of (£1.346m) as detailed below:

Explanation	£000s
Transfer Public Health underspend to Public Health reserve to fund in year reduction in funding and emerging future pressures	(232)
Transfer one-off Care Act funding to the budget risk reserve to be used as pressures arise	(1,014)
Transfer part of one off receipt to fund future ICT contract exit costs	(100)
<b>Total</b>	<b>(1,346)</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 in 2015/16 Budget	Savings Achieved at Quarter 2	Further Savings Forecast to be Achieved	Total Forecast Savings Delivery	Net Variance at Quarter 2	
	£000s	£000s	£000s	£000s	£000s	%
Peoples Services - Adults	(2,000)	(2,000)	0	(2,000)	0	0.00
Peoples Services – Children's	(813)	(357)	0	(357)	456	56.09
Communities and Place	(5,614)	(3,916)	(1,533)	(5,449)	165	2.94
Organisation and Governance	(11,246)	(10,473)	(487)	(10,960)	286	2.54
<b>Total</b>	<b>(19,673)</b>	<b>(16,746)</b>	<b>(2,020)</b>	<b>(18,776)</b>	<b>907</b>	<b>4.61</b>

### Peoples Services - Adults

- 6.2 The Adults service has achieved the target savings of £2.0m.

### **Peoples Services – Children's**

- 6.3 The Children's service has currently achieved savings of £0.357m against a target of £0.813m. The remaining £0.456m will not 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. This pressure has been identified in the MTFP process for 2016/17.

### **Communities and Place**

- 6.4 The Neighbourhoods directorate is forecasting savings of £5.449m will be achieved by the end of 2015/16. £0.165m of the £5.614m savings target is unlikely to be achieved by the directorate due to slippage in delivery.

### **Organisation and Governance**

- 6.5 The Organisation and Governance directorate has achieved savings of £10.960. against a target of £11.246m. The remaining £0.286m is unlikely to be achieved. Notably the senior management restructure has overachieved the target by £0.133m.

Although achieved on a permanent basis the timing of the implementation of staffing restructures has resulted in a one off pressure of £0.610m. This pressure is included within the directorate forecast outturn.

## **OTHER OPTIONS CONSIDERED**

- 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>	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk
--------------------------------------	--

<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications

<b>IMPLICATIONS</b>
---------------------

**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.





**Classification: OFFICIAL**

**Classification: OFFICIAL**