



Period 4 Revenue Budget Monitoring 2016/17

SUMMARY

- 1.1 This report provides details of the latest financial position and forecast outturn for the 2016/17 Revenue Budget as at Period 4. 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. Due to issues with the Oracle reporting tool, quarter 1 monitoring was delayed and as a result was not taken to Cabinet in September as planned. Due to these delays it was decided that it would be more informative to present a detailed period 4 monitoring report to Cabinet.
- 1.2 The latest forecast position shows an overspend of £1.921m, 0.88% against the budget requirement of £219.225m.
- 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 Savings targets of £19.009m are included within the 2016/17 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.

As at period 4 the Council is forecasting to achieve permanent savings as planned of £18.687m (98.31%), with the balance and any part year one off costs being met from within overall Directorate budgets.

RECOMMENDATION

- 2.1 To note the financial monitoring position and the current progress of savings delivery as at Period 4.
- 2.2 To approve the movement in reserves requested in section 5.
- 2.3 To note the approval use of reserves by delegated authority, in line with financial procedure rules within Section 5.

REASONS FOR RECOMMENDATION

- 3.1 To update Cabinet of the Council's financial position as at 31 July 2016 and to provide a forecast of the projected outturn for the 2016/17 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.

SUPPORTING INFORMATION

4 UPDATE ON REVENUE BUDGET 2016/17

- 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 2016/17*	Forecast Outturn Position	Position at Period 4	Net Controllable Budget
	£000s	£000s	£000s	%
Peoples Services	152,977	156,212	3,235	2.11
Communities and Place	43,473	44,150	677	1.56
Organisation and Governance	43,578	41,587	(1,991)	(4.57)
Sub Total	240,028	241,949	1,921	0.81
Use of Reserves	(20,056)	(20,056)	0	0
RCCO	(747)	(747)	0	0
Net Budget Requirement	219,225	221,146	1,921	0.88

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

Peoples Services

- 4.2 The People Service's Directorate is managing its budgets within the former Adult and Children Departments until formal consolidation of the Directorate is introduced. The total variance for the Directorate is an overspend of £3.235m although there are some significant variances contained within that. Both Adults and Children continue to focus their work on the demand management aspects of the services.
- 4.3 At Period 4 the Adults Services budget reported a forecast overspend of £2.435m. This is mainly as a result of forecast pressures for community based care together with rising costs relating to deprivation of Liberty (DOLS). This includes the use of £0.316m of reserves requested for approval in Section 5. The forecast will continue to be monitored as the financial year progresses with any changes in demand reflected accordingly.
- 4.4 The Children and Young People directorate is forecasting a pressure of £0.8m for the financial year 2016/17 this is mainly due to pressures within specialist services surrounding the costs of children looked after and special needs support for those

children with disabilities. 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

- 4.5 The Communities and Place directorate is forecasting a net overspend of £677,000.

This forecast position is due to a number of variances across the directorate, including the overachievement of income in Streetpride and operational pressures across the directorate.

The Network management income stream is wholly dependent on the behaviour of utility companies and is currently expected to overachieve by (£50k) in 2016/17, based on historic trends. Parking services is also expected to overachieve on fine and fee's income and is forecast to underspend by (£874k) despite poor performance on season tickets.

Estates are forecasting an overachievement of (£123k) in rental income but there is an expected £90k pressure in engineering due to a reduction in rechargeable works due in part to the reduced capital programme. There is also a forecast pressure for Queens Leisure Centre of £106k as a result of the forced closure of the centre whilst repairs were carried out on the structural integrity of the roof.

There are a number of pressures on expenditure budgets based on the expected demands on services. This includes a pressure of £297k costs for the disposal of additional waste tonnages, £200k pressure for NNDR on the Arena, £127k of additional cost of planning appeals within development control and a £66k pressure in building consultancy as a result of dangerous structure costs.

Staffing budgets have been affected due to the full year effect of restructures not realised in the year of implementation; £211k in City and Neighbourhoods Partnerships and £170k in Property Design and Maintenance.

There are also a number of savings targets unlikely to be achieved in 2016/17 as detailed in section 6. The £130k 2015/16 saving relating to Moorways Stadium will also not be achieved in the short term due to the overarching project on leisure facilities.

The forecast overspend position is after the use of £238k reserves requested in section 5.

Organisation and Governance

- 4.6 The Organisation and Governance directorate is currently forecasting an underspend of £1,991,000. A number of key variances are included in this forecast:

A £2,000,000 underspend is forecast within treasury management as a result of changes to the MRP policy and additional service financing budgets to be transferred.

The continued identification of eligible Housing Benefit overpayments is forecast to generate a £500,000 underspend.

The governance department is forecasting £1,015,000 overspend due to ongoing pressures within insurance, legal cost, standards complaints and unachieved historic savings.

There are also underspends of £208,000 currently forecast in Strategic Services mainly due to savings in facilities management budgets for properties now vacated and £298,000 in Job Evaluation budgets due to a full year cost not incurred in the current year.

5 Reserves Monitoring

In order to achieve a balanced budget at year end, Cabinet is asked to approve the movement in reserves of £1.256m as detailed below:

Explanation	£000s
Use of Budget Risk Reserve to fund early termination of automatic public conveniences contract to allow future years savings	99
Use of the Year End Adjustment Reserve to fund variations in estimates	99
Use of the Multi Use Sports Arena Reserve to fund the feasibility study for the 50m swimming pool	40
Use of the Better Care Fund Reserve to fund temporary staffing and the implementation of the second stage of Liquid Logic	316
Use of Pay and Reward reserve to fund temporary pay protection following implementation of Pay and Reward	702
Total	1,256

Chief Officer Group (COG) may approve the use of an earmarked reserve up to £100,000, per financial quarter, in line with the original intended use, including the general use of the budget risk reserve. Additionally the relevant portfolio member can approve the use of an earmarked reserve up to £250,000 per financial quarter. Below are the uses of reserves approved under delegated authority in the first quarter:

Explanation	£000s
<u>Approved by COG</u>	
Use of the Budget Risk Reserve to fund legal costs associated with the preliminary stage of the Goddard Enquiry and to ensure the safe collation and storage all related data to remain compliant with the Goddard direction.	100
Use of the Better Care Fund Reserve to fund temporary posts within Adults Social Care.	75
<u>Approved by Relevant Cabinet Member</u>	

Use of the Better Care Fund Reserve to fund the additional staffing costs of the review team to address urgent statutory reviews and unallocated cases.	233
Total	408

6 Delivery of Savings

- 6.1 The Council's Revenue Budget for 2016/17 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 2016/17 Budget	Savings Achieved at Period 4	Further Savings Forecast to be Achieved	Total Forecast Savings Delivery	Net Variance at Period 4	
	£000s	£000s	£000s	£000s	£000s	%
Peoples Services	(5,758)	(5,558)	(200)	(5,758)	0	0
Communities and Place	(5,453)	(2,494)	(1,943)	(4,437)	1,016	18.63
Organisation and Governance	(7,798)	(7,798)	0	(7,798)	0	0
Total	(19,009)	(15,437)	(3,250)	(18,687)	322	1.69

Peoples Services

- 6.2 The Adults directorate has achieved permanent savings of (£5,363,000). However £217,000 of this savings target will not be achieved in 2016/17 due to the exit strategy around voluntary sector grants leading to a final payment being due to voluntary sector organisations. This pressure is included within the £2.435m Adults services forecast out-turn for 2016/17, but will be achieved in future years.

The Children and Young People directorate has currently achieved savings of (£195,000) against a target of (£395,000). The remaining £200,000 is forecast to be achieved in 2016/17 and options for delivery of these savings are still being worked upon by the Directorate.

Communities and Place

- 6.3 The Communities and Place directorate is forecasting savings of (£4,437,000) will be achieved by the end of 2016/17. A number of savings are unlikely to be achieved in 2016/17 these are:

The £47,000 saving for the withdrawal of Council funding for school crossing patrols is unlikely to be achieved in 2016/17 and alternative options for providing this saving are being investigated by the directorate.

The delivery of education campaigns to encourage recycling and composting of waste saving of £177,000.

The Realignment of waste management budgets to reflect current tonnages saving of £250,000.

The Review of the Pool programme at Queens to maximise usage and income saving of £42,000. This is due to the temporary closure of the pool as a result of roofing issues. Potential impact could raise further issues into future years.

Efficiencies in the management and operation of the Housing Management and Repairs services saving of £500,000.

Organisation and Governance

- 6.4 It is anticipated the Organisation and Governance directorate will achieve all of the £7,798,000 savings target.

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:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Martyn Marples Director of Finance
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IMPLICATIONS

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 savings are not fully achieved.

Corporate objectives and priorities for change

10.1 None directly arising.

