

**Revenue Outturn 2005/6****SUMMARY**

- 1.1 I am pleased to be able to report that thanks to prudent financial stewardship of this administration the Council's net general fund revenue spending in 2005/6 was £1.526m below the level anticipated when revised estimates were last brought before Cabinet in February 2006. Net spending is also £1.537m or 0.57% below the approved level of net spending planned for in 2005. These figures are shown after transfers to school balances of £863k. The most notable underspending against the original budgets occurred on corporate budgets, particularly Treasury Management. Overspending on Social Services and non – schools Education budgets, which related largely to high cost placements of individual children, was partially offset by underspending in other departments.
- 1.2 The Council's financial situation in the medium term from 2007/8 is a challenging one, but I am determined to ensure that the quality of services is protected in the long as well as the short term. As a consequence, £1.292m of the underspending has been transferred to corporate reserves, of which £936k is available to meet general budget risks for 2007/8 onwards.
- 1.3 The remaining £245k has been allocated to meet immediate service commitments and requires funding to be carried forward into 2006/7. Only fully committed expenditure is being funded in this way. Service departments are being asked to re-examine the uses to which previously approved carried forward budgets have been assigned and to bring any proposals for modifying these uses to the September Cabinet meeting. That Cabinet will also consider the latest 2006/7 budget monitoring position.
- 1.4 The outturn net surplus of £5.165m on the Housing Revenue Account for 2005/6 is £1.586m above the position anticipated in February 2006, of which £549k is a surplus variance earmarked for retention by Derby Homes. The remaining variances since February are attributable to delays to the start of the Estates Pride programme and a technical accounting adjustment, offset by additional spending on housing repairs. The financial position of the HRA remains sound and balances are accumulating consistent with the strategy in the HRA business plan and are available to help deal with the withdrawal of the additional ALMO subsidy from 2011/12.
- 1.5 Subject to any issues raised at the meeting, I therefore support the following recommendation.

<b>RECOMMENDATION</b>
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- 2.1 To note the revenue out-turn for the financial year 2005/6 and the variances to the latest approved budget at Appendix 2.
- 2.2 To approve the treatment of variances and proposals for the use of carried forward underspending at paragraphs 1.8 to 1.12 and Appendix 5.
- 2.3 To approve the treatment of unused service reserves created from carried forward 2004/5 underspending, as detailed in paragraphs 1.13 to 1.16 and Appendix 4.
- 2.4 To note the remaining service reserves set out in Appendix 4.
- 2.5 To approve the revised treatment of previous creditor balances as set out in paragraph 1.17.
- 2.6 To note the Housing Revenue Account outturn 2005/6 at paragraph 1.19 to 1.21 and Appendix 6.



DERBY CITY COUNCIL

**COUNCIL CABINET**  
**1 August 2006**

Report of the Corporate Director – Resources and Housing

**Revenue Outturn 2005/6**

**SUPPORTING INFORMATION**

**General Fund Revenue Outturn 2005/6**

- 1.1 The total net outturn in 2005/6 on all General Fund services after transfers to school balances was £268.142 million, an underspend of £1.537 million against the latest approved budget, or 0.57% of the budget requirement.
- 1.2 This is summarised in Table 1 below by the old departments under which the budgets were managed in 2005/6. Appendix 2 sets out the outturn variances.

<b>Old department</b>	<b>Reported Variances February 2006 £000</b>	<b>Final Outturn Variance June 2006 £000</b>
Commercial Services	(3)	(51)
Chief Executive's department:		
Policy Directorate	(41)	35
Corporate Services	0	(33)
Finance	0	(309)
Treasury management	(750)	(1,403)
Other corporate budgets	481	(339)
Development and Cultural Services	136	(296)
Education excluding individual school budgets	(197)	333
Social Services	363	526
<b>Net underspend against latest approved budget</b>	<b>(11)</b>	<b>(1,537)</b>

- 1.3 The outturn expenditure is therefore £1.526m more than the position reported in February 2006.

- 1.4 Local Area Agreement – LAA and Local Public Service Agreement – LPSA2 underspending has been excluded and are considered in a separate report on this agenda, as these programmes are not funded from the Council's net budget requirement.
- 1.5 Appendix 2 gives full details of the variances with explanations of why the outturn position is different from the approved budget. The main points to be noted are:

**Commercial Services - £51k underspend**

- Trading services - £83k net surplus after returning £422k to the General Fund as planned in the approved budget.
- Net £32k overspend on non trading activities relating to the bereavement services budget, over and above the £50k additional allocation from corporate resources approved by Council on 1 March 2005.

**Chief Executive's department Policy Directorate – £35k overspend**

- The net overspend excludes £353k overspend on Supporting People which has been temporarily funded from corporate underspends in 2005/6, as approved by Council Cabinet in November 2006. Additional Supporting People grant to be received in 2006/7 will be used to repay corporate reserves.
- Learning to work £80k overspend due to lower trainee recharge income than budgeted for and service cessation costs.
- Net £33k underspend on other Housing General Fund services.

**Chief Executive's department Corporate Services directorate – £33k underspend**

- £130k overspend from increased accommodation costs including higher utility costs and work on the corporate accommodation strategy.
- £32k overspend on external legal and counsel fees on specific cases during 2005/6.
- £73k underspend on Markets as a result of higher occupancy levels and car boot income.

**Chief Executive's department finance directorate - £309k underspend**

- £164k underspend from increased benefit fraud subsidy grant and council tax court fees.
- £191k underspend on the e-Derby programme, £40k of which is committed to specific schemes in progress and will be required in 2006/7.

**Treasury Management budget – net £1.403m underspend**

A variety of factors contributed to the position:

- cash balances available to invest were much higher than planned for, as reserves were maintained rather than being spent and cash flow improved. Reserves held for the Accommodation Strategy were not taken into account in the original budget to ensure that any decision to apply these reserves would not add to ongoing budgets
- returns on investments outperformed the market significantly

- savings through limited debt restructuring
- capital investment at a lower level and later in the year than planned, reducing the net borrowing requirement
- the reduction in long term interest rates to a historic low in the final quarter of 2005/6, plus the introduction by the Public Works Loans Board of borrowing for periods of up to 50 years
- renegotiation of interest rates paid on County Council debt including retrospective 2004/5 reimbursement.

#### **Other Corporate budgets - net £339k underspend**

- £492k underspend from one-off windfall from the Home Office for the Council's share of Magistrates Courts PFI savings.
- £230k underspend from cross departmental inflation contingency budget saving. Any higher than budgeted utility costs in 2005/6 have been contained by departments with no call on this contingency.
- £229k underspend from lower net costs for the continuation of Public Service Agreement – LPSA1 – schemes in 2005/6, after external funding.
- £432k saving on the corporate budget contingency as limited commitments arose during 2005/6 against this budget.
- offset by the use of £1.099m corporate underspends to fund overspends on Home Care charges £696k, Supporting People £353k and Bereavement service £50k, as previously approved.

There are two technical adjustments made to the base of the reported position, neither of which alter the Council's forward financial position from 2006/7 onwards:

- the net underspend excludes £561k balance unspent on the job evaluation contingency budget for 2005/6 which has been transferred to corporate reserves, in line with the treatment approved in the February 2006 budget report
- the net underspend also excludes £779k additional backdated census monies that had been built into forecast outturn estimates in previous 2005/6 monitoring and corporate reserves updates, but will actually be received in 2006/7 not 2005/6. When received they will be held in reserves in line with the approved budget strategy.

#### **Development and Cultural Services - £296k underspend**

- £400k overachievement of income including highways street works and traffic order fees, capital design fee recharges and Assembly Rooms.
- £216k underachievement of income mainly from lower fee recharges for traffic management, transportation and special projects staff than budgeted for.
- £732k overspending, mainly on the following budget areas:
  - £176k residual waste landfill costs flowing from higher volumes
  - £169k street lighting works replacement of defective columns
  - £108k additional departmental software maintenance and support and franking costs.
- £710k underspending, mainly on the following budget areas
  - £248k rethink rubbish programme, against which there are £163k commitments into 2006/7 as explained in Appendix 3

- £121k saving on 2005/6 incremental unsupported borrowing costs for the Rethink Rubbish programme
- £118k highways maintenance following cautious programme management
- £123k street lighting electricity savings as 2005/6 charges continued to be on estimated usage not higher actual metered use as was assumed when the budget was set.

### **Education Individual School Budgets - net £863k in-year underspend**

In line with Local Management of Schools this has been transferred to school balances, increasing them to £5.9 million at 31 March 2006. A separate report on retained school balances is on the agenda for this Council Cabinet meeting.

### **Other Education - £333k net overspend**

- The main areas of overspending were:
  - £285k Sports centres - underachievement of income targets and overspends on utilities budgets because of price increases
  - £254k Recoupment/independent special school fees - new high cost placements for pupils with special educational needs
  - £93k Central staff cover - maternity costs in schools.
- The main areas of underspending were:
  - £171k School improvement - staffing vacancies
  - £93k Sure Start neighbourhood nurseries - use of grant which couldn't be carried forward.

### **Social Services - £526k overspend**

- The net overspend excludes £696k Home Care charges budget pressure which has been met from corporate underspending, as approved by November Council Cabinet.
- Overall Elderly and Adult services were approximately break even but contained within that were the following significant variances.
  - £205k income reduction due to end of No Board income scheme.
  - Overspend on domiciliary care for both Physical (£134k) and Learning Disability (£618k) client groups. For Learning Disability this was offset by an underspend on Residential services as the nature of service provision alters towards a community base.
  - Mental health Services overspent by £151k particularly around Care Management and Residential Care.
  - All client groups are under a financial pressure as Direct Payments grow.
- The Children's services overspend is a combination of Unaccompanied Asylum Seeking Children overspend of £189k and Residential Services including In House Residential, Agency Residential, Independent Fostering Agencies which overspend of £815k. This Residential Services overspend was partially offset by underspends on staffing of £625k across Children's Services.
- Support Services for Social Services were broadly on line with an underspend of £64k in finance, £46k in personnel and £20k in IT offset by overspends in Workforce Development of £89k and in Planning and Partnerships of £76k.

- 1.6 A 2006/7 revenue budget monitoring update will be reported to Council Cabinet on 5 September 2006. This will consider further the on-going implications of any 2005/6 variances and proposed actions.
- 1.7 The 2005/6 revenue budget included £700k to address public priority issues. £314k of this was for revenue items and added to revenue budgets and £386k to was to fund capital expenditure. The underspending against these budgets are:
- £13k for Markeaton traffic Island improvements. Negotiations are ongoing with the Department for Transport to secure access to enable the works to be carried out. As this element of the Public priority budgets was funded from corporate reserves the £13k is held in reserves for use in 2006/7
  - £30k for financing capital improvements at Community Centres. This is to be used in 2006/7 as detailed in the Capital Outturn 2005/6 report on this agenda.

### **Proposed treatment of variances**

- 1.8 Appendix 3 provides a summary of the departmental variances against both the old departments and re-allocated to new departments. The net General Fund underspending of £1.537m has, however, been pooled for the purpose of consideration of its treatment, to address the highest priority needs across the Council, with particular emphasis on earmarking funds for known commitments and potential future budget pressures. This is a departure from the practice in previous years, where most underspending has been retained for carryforward in the underspending departments. The change in practice reflects the Council's challenging financial circumstances and the consequent need to prioritise funding across departments.
- 1.9 In total, £1.742m of the underspending occurred on corporate budgets, net of corporate funding for £1.099m of specific service pressures as outlined above.
- 1.10 Of this corporate budget underspending, £1.292m has been retained in corporate reserves. £356k of this is being earmarked for specific corporate budgets:
- £57k corporate Emergency Planning budget underspend carried forward
  - £40k Building on Excellence unused budget returned to the specific reserve, net of funding applied from the Building on Excellence reserve
  - £229k LPSA1 schemes ongoing budget underspending ring fenced to the LPSA reserve
  - £30k public priority revenue budget carried forward for financing of community centre capital improvements.
- The remaining £936k is available to general corporate reserves available to manage budget risks from 2007/8 onwards.
- 1.11 This leaves a balance of £245k available for carryforward to meet specific service requirements. It is proposed to allocate this to those commitments made in 2005/6 against 2005/6 revenue budget, which therefore require carryforward to 2006/7. Only firm commitment shave been proposed for funding.
- 1.12 This is summarised in Appendix 4, with details of the commitments provided in Appendix 5.

## **Existing service reserves**

- 1.13 Appendix 4 also sets out the level of current departmental reserve balances that were created from carried forward 2004/5 underspending and which remained unspent at 31 March 2006. These total £1.5m.
- 1.14 It is important to note that the scale of new balances carried forward from 2005/6 service underspending has been quite limited, and that it has not been possible to meet all service requests. Working with the appropriate Cabinet members, Chief officers have in these circumstances requested flexibility to reprioritise the uses to which existing 2004/5 carried forward service balances were allocated to by Cabinet, to take account of revised needs 12 months on. This may include new priorities as well as any previously unforeseen pressures apparent from 2006/7 budget monitoring. The 2006/7 position will be clearer when a budget monitoring report is brought to 5 September Cabinet.
- 1.15 Cabinet is at this stage asked to confirm that unused 2004/5 carried forward balances can be retained for use by the relevant service departments, and that it accepts the principle of reallocating these flexibly within departmental budgets to meet emerging pressures and any other new priorities. Approval to any revisions to the uses of 2004/5 carried forward balances will be agreed at 5 September Cabinet, consistent with the requirements of Financial Procedure Rule D7A.
- 1.16 Departments also hold other service reserves earmarked for specific purposes, apart from those created from 2004/5 carried forward underspending. These total £5.6m and are also summarised in Appendix 4. The requirements against which these reserves are being held will continue to be monitored with Cabinet approval being sought for any changes.

## **Corporate Reserves**

- 1.17 A £117k creditor balance has been reclassified as a revenue reserve balance. It is proposed to hold this as a corporate reserve for corporate financial systems requirements.
- 1.18 An updated position statement on corporate reserves, taking into account approved transfers to corporate reserves as part of the 2005/6 outturn as outlined in this report, will be reported to 5 September Council Cabinet.

## **Housing Revenue Account Outturn**

- 1.19 The Housing Revenue Account - HRA - shows an outturn surplus of £5.165m, which is £1.586m above that planned for in February, although £549k of the variance is earmarked to Derby Homes. Accumulated HRA balances at 31 March 2006 stood at £11.428m.
- 1.20 The main variations are as follows ...
- Contribution to Repairs Account - £659k overspend  
The increased contribution to the repairs account was necessary to prevent the account falling into deficit. The overspend on the account was due to a number of factors, the most significant being the additional servicing of gas boilers installed



as part of the Decent Homes programme - £400k. A review of the repairs budgets has been undertaken in conjunction with Derby Homes to ensure that such issues are now provided for. A strategy has been agreed at the HRA strategic working party to recover the overspend on the repairs account over a 4 year period.

- Derby Homes Management Fee – £643k underspend ( £549k earmarked underspend)  
Underspending of £643k by Derby Homes is reflected in a reduction in the Management Fee payable. The underspend represents £191k depreciation due to statutory differences between the treatment of depreciation in a limited company and a local authority, £358k of earmarked underspend and £132k no longer required to underwrite the tenancy support reorganisation. These underspends were partially offset by an increase in the management fee to cover the charges for local area offices of £38k. The net reduction in the management fee to the HRA is £94k and the balance earmarked to Derby Homes is £549k.
- The earmarked underspend of £358k was added to the accumulated management fee reserves bringing the total accumulated reserves earmarked to Derby Homes to £698k - the following of which is their planned use:
 

○ 2006/7 Service Developments	£130k
○ New financial system implementation	£150k
○ Replacement Housing Management and Maintenance system	£300k
○ Contingent Sum	£118k
- Retained Supervision and Management - £61k overspend  
Derby Homes are recharged for the use of mobile wardens service. Due to a restructuring of the service at Derby Homes the use of these wardens has fallen. As a result the charge to Derby Homes and thus the income to the HRA has also fallen.
- Reduction in provision for bad and doubtful debts – £738k underspend  
Following legislation that removed Rent Rebates from the HRA the recovery of overpaid rent rebate is no longer a charge against this account. This change in legislation has resulted in a lower than anticipated provision for bad and doubtful debts as the HRA is no longer required to make provision for the non recovery of these overpayments.
- Estates Pride - £873k underspend  
A contribution of £1m was planned for anticipated Estates Pride work during 2005/6. However, due to the length of time taken to consult stakeholders and work up the necessary plans a minimal amount of work was undertaken. The under spend has fallen back into HRA balances, to be used when the programme of works is finalised.
- Capital Financing Charges – £83,000 underspend  
Changes to the assumed interest rates payable on HRA debt have resulted in a saving in capital financing charges to the HRA. This has been partially offset by an increase in the costs of managing the debt and increased repayment on transferred debt.

- HRA Investment income - £77,000 underspend  
The HRA earns interest on its balances held throughout the year. As result of these balances being higher than anticipated together with a more favourable interest rate the HRA has earned additional income compared to that projected in the business plan

1.21 Out of the accumulated £11.428m HRA balances held at 31 March 2006, £1.660m is earmarked for specific purposes stated. The remaining general reserve and contingency of £9.768m is partly to provide for any unforeseen events or circumstances and not available for general use. The level of reserves are considered prudent and are in accordance with the strategy of the HRA business plan to provide a cushion to cope with the withdrawal of the additional ALMO subsidy from 2011/12 onwards.

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Main variance explanations and on-going implications Appendix 3 – Revenue Outturn 2005/6 departmental summary Appendix 4 – Carryforward proposals and service reserves Appendix 5 – Details of Commitments requiring carryforward to 2006/7 Appendix 6 – HRA Outturn 2005/6 – summary of main variances

<b>IMPLICATIONS</b>
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**Financial**

1. As detailed in the report

**Legal**

2. None

**Personnel**

3. None

**Equalities impact**

4. None

**Corporate priorities**

5. These recommendations are in line with the approved budget framework which accords with the Council's corporate priorities.

## Commercial Services

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
				2006/7	On-going
	£000	£000		£000	£000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2  LAA  Corporately funded variances: Bereavement Services			£50k corporately funded as approved by 1 March 2005 Council to cover Bereavement Services charges for 2005/6. Actual shortfall £73K on reduced cremation fees offset by an extra £13k from increased burial fees.	52	53
	0	0			
	0	0			
	50	50			
	50	50			
DEPARTMENTAL VARIANCES					
Trading Services	(78)	(83)	Surplus on building, grounds maintenance and street lighting, offset by losses on catering and building cleaning and catering.		new healthier school meals will continue to put pressure on the catering trading account
Other Services Bereavement Services	75	46	Mainly due to increase in Medical Referee's fees, without this cost being passed on, and £13k net shortfall on Bereavement charges	11	12
Parks		(14)	Delayed maintenance to assist with overspends on Bereavement Services.	(6)	(6)
Net Department Variance	(3)	(51)		5	6

of which:

Departmental underspend

(78)

(97)

Departmental overspend

75

46

## Policy Directorate

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
	£000	£000		2006/7 £000	On-going £000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2  LAA  Corporately funded variances: Supporting People			Corporate reserves will be repaid in 2006/7 from additional Supporting Peopple grant to be received		
	0	(57)			
	0	0			
	470	353			
	470	353		0	0
DEPARTMENTAL VARIANCES					
Corporate Personnel	15	15	Recruitment and advertising costs for Head of Personnel Post and interim appointment		
Learning to Work	60	49	Variance due to income lower than anticipated and the reduction in the number of trainees		
Learning to Work		31	Service cessation costs		
Consultation and Research	(40)	(24)	Underspend due to vacancies and maternity absence.		
Miscellaneous Variances					
Corporate Communications		(6)	Phone Book reduced printing Costs		
Community Policy Management		18	Overspend on Salaries and invoice payment to PCT from 2004/5		
Policy Directorate - General		(15)	Other net variations across the department		
Housing Options centre	(51)				
Derby Advice	30	46	Salary budget pressure and budgeted grant income not	10	10
Private Sector Renewal	30	17	One off budgeted income not receivable		
Community Care	(25)	(28)	Additional lifeline income		
Housing Strategy	(44)	(55)	Turnover and delays in implementing strategy	22	
Housing services management	(24)				
Advances to Housing Associations	8				
Supporting People Admin		(13)	Accreditations completed without use of additional funding		
Net Department Variance	(41)	35		32	10

of which:

Departmental underspend	(184)	(141)
Departmental overspend	143	176

## Corporate Services Directorate

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
				2006/7	On-going
	£000	£000		£000	£000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2					
	0	0			
LAA	0	0			
Corporately funded variances:	0	0		0	0
DEPARTMENTAL VARIANCES					
Elections administration	(27)	(29)	General savings as no elections held during 2005/6 Cost savings from reduced level of reprographics work offsetting pressures on income		
Procurement and reprographics	25	(5)			
Register Office	(27)	(7)	Overachievement of income targets - underspend lower than forecast because refurbishment work, planned to be funded from carry-forward from 2004/5 was afforded within increased income levels.Income targets reviewed in light of forecast outturn and increased by £28k as part of 2006/7 budget process.		
Overview and Scrutiny	(15)	(14)	Savings on research budget - 2006/7 research budget reduced by £24k		
Constitutional Services		(11)	Staffing vacancies		
Legal Services	40	32	Staffing overspend due to lack of turnover during the year (+£16k). Legal and Counsels fees incurred on particular cases brought during the year (+£66k). In 2005/6 the position has been mitigated by costs awarded in the Council's favour by the courts, but this cannot be relied upon again.		
Markets and Estates	(98)	(73)	Additional income from Car Boot Sales and high occupancy in the markets - both of which have been built into 2006/7 budgets. Security costs of Village School site incurred by Property Services which were not anticipated in February report.		

## Corporate Services Directorate

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7 £000	On-going £000
Accommodation	30	87	Overspend relating to sickness cover, increased utility bills generally and a backdated electricity bill to October 2004. One-off spending on Corporate Accommodation strategy. R&M works - projected overspend on urgent works £96k. One-off windfall from accrual of works in 2004/5 has created an underspend. As R&M budget supported by use of £0.5m corporate resources, the £117k underspend has been transferred back to corporate reserves. income achieved on additional fee earning work Staffing underspends due to vacancies across division, offset by use of consultants / agencies to achieve workloads (net -£5k); underachievement of fee income from Pest and Dog Control (+£15k); spending on IT equipment approved by e-Derby Board from within managed savings in general supplies and services budgets. Public priority budget to finance capital improvements at Community centres to be used for schemes in 2006/7.		
Accommodation		43			
Design and Property Maintenance	96				
Design and Property Maintenance		(30)			
Environmental Health and Trading Standards	(14)				
Public Priority budget		(30)			
Other minor net variances	(10)	4			
<b>Net Department Variance</b>	<b>0</b>	<b>(33)</b>		<b>0</b>	<b>0</b>

of which:

Departmental underspend

(191)

(199)

Departmental overspend

191

166

## Finance Directorate

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
				2006/7	On-going
	£000	£000		£000	£000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2  LAA  Corporately funded variances:					
	0	0		0	0
DEPARTMENTAL VARIANCES					
Finance Management		84	Employee overspend due to no staff turnover, and expenses for the whole Directorate including staff trade union duties and ICT  Employee underspend due to vacancies and turnover, partially offset by the costs of agency staff and recruitment advertising.  Underspend on the systems development budget, offset by employee overspends due to no staff turnover. Also payment of a late retention for the Vision system from 2003.  Slippage on Building on Excellence projects and underecovery of administration costs for the Home Computer Initiative. The HCI scheme has potential on-going underecovery of costs.  Slippage on allocation to schemes and spending £40k committed on schemes at 31 March 2006  Increased income from Fraud Subsidy Grant and Council Tax Court Fees		
Corporate Finance		(21)			
Financial Services		(2)			
ICT & Performance (excl. E Derby)		(15)			
e- Derby		(191)			
Customer Services		(164)			
Net Department Variance	0	(309)		0	0

of which:

Departmental underspend	0	(393)
Departmental overspend	0	84



## Corporate Budgets

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
				2006/7	On-going
	£000	£000		£000	£000
OTHER DEPARTMENTS VARIANCES TO BE CORPORATELY FUNDED					
Corporately funded variances:					
Supporting People	470	353			
Home Care Charges	696	696			
Bereavement Services	50	50			
	1,216	1,099		0	0
CORPORATE BUDGETS VARIANCES					
Treasury Management	(750)	(1,403)	See paragraph 1.5 of main report		
Insurances	(100)	(244)	Savings on premiums and provisions	have already been taken into account in the 2006/7 budget	
Benefit Payments		111	PSM - pending explanation		
Elections	(106)	(102)	Savings due to no elections taking place in 2005/6		
Magistrates Court		(492)	One-off "windfall" received from the Home Office as the council's share of a rebate on the PFI scheme following the transfer of Magistrates Courts to Home Office control		
Derby Coroner		33	Increase in number of cases relating to Derby area in last part of year		
Corporate Contingency		(432)	Limited commitments against contingency budget and savings from apportionment of local government pension costs between general fund and HRA	The budget has been reduced for 2006/7.	
Emergency Planning		(57)	£35k of this was specifically earmarked for a Strategic Flood Risk Assessment in the 2005/6 budget. Terms of reference had not been received from the Environment Agency by the year end, but the commitment remains to fund this in 2006/7.		

## Corporate Budgets

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7 £000	On-going £000
Backdated Census monies	(779)		Additional £19k was received in 2005/6 and is held in reserves. The additional monies forecast in February 2006 will be received in 2006/7 not 2005/6. This variance is purely a technical accounting change and does not materially affect the councils forward financial planning.		
LABGI grant	250	250	Growth in business rates insufficient to generate LABGI payment, changes to the Eagle Centre contributed to this.		
Cross departmental inflation contingency		(230)	Not required in 2005/6.		
LPSA1 on-going budget		(229)	Only £308k was required to support the on-going costs of these schemes in 2005/6. The full amount will be required in 2006/7.		
Job evaluation			The £561k balance of this budget not required in 2005/6 is held in a corporate reserve.		
Other		(46)	Other net variances		
<b>Net corporate Variance</b>	<b>(269)</b>	<b>(1,742)</b>		<b>0</b>	<b>0</b>

of which:

Departmental underspend	(1,735)	(3,235)
Departmental overspend	1,466	1,493

## Development and Cultural Services Department

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-		
				2006/7	On-going	
	£000	£000		£000	£000	
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6						
LPSA2						
	0	0				
LAA						
	0	0				
Corporately funded variances:				0	0	
	0	0				
DEPARTMENTAL VARIANCES						
Highways- New Roads and Street Works Act - NRSWA - and Tarffic Orders income (net of agency payments)- over achieved income.	0	(142)	The NRSWA income has exceeded the predicted level as a result of the income from S74(a) charges for utility companies over staying their agreed or statutory defined work periods on the public highway. During 2005/06 we have changed the process for collecting the income, this has led to more of the income being collected during the financial year, resulting in a lower accrual level. It is expected that the incomes from S74 will decline during 2006/07 due to there not being a large outstanding amount waiting agreement from previous years. It is also expected that the regulations for s74 will change late in 2006 and this will also lead to a reduction in income. Also continued work from the dedicated inspector for s74 has continued to ensure that overstays have been identified and the required evidence collected to enforce the charges.			
Highways- Engineering Design fees recovered	0	(104)	Overachievement of fees recovered from capital schemes and external projects	0	0	

## Development and Cultural Services Department

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7  £000	On-going  £000
Highways Development Control	51	81	Long term sickness and other vacancies covered by additional agency staff giving a net overspend of £64k	0	0
Highways- Public Liability Insurance	0	(58)	Successful actions to avoid claims and the over provision of budget to meet retrospective claims. 2006/7 budget reduced to reflect this.	0	0
Highways Maintenance	0	(118)	Controls brought in following early indications of scheme overspending has led to a year end underspend. Schemes held back total approximately £200k, £100k of which was to cover 2004/5 scheme completions .	0	0
Building Control (net of transfer to trading account)	0	(53)	Trading deficit of £75k including a £22k underachievement of fees, £19k anticipated use of reserves for IT reinvestment and anticipated use of reserves re complexity payments etc as part of the retention package	0	0
Development Control	47	56	Anticipated overspend due to a one-off legal compensation payment of £24k plus full establishment thus minimal turnover	0	0
Plans & Policies vacant posts	0	(42)	High vacancy levels during 2005/6	0	0
Street Furniture Sponsorship	67	21	Underachievement of budgeted income from a delay in new contract outputs. There are a number of units remaining to be established in order to meet the budgeted level.	20	20
Traffic & Transportation design fees (net of staff and agency payments)	57	147	Underachieved recovery of establishment fees across Traffic Mgt, Transportation and Special Projects. Processes are being reviewed to try and avoid a reoccurrence.	100	100
Public Transport Revenue Support	0	75	Underbudgeted by approx £40k re inflation uplift from 2004/5 to 2005/6. This pressure will continue in 2006/7 above budgeted levels. Contract procurement to be scrutinised during 2006/7.	75	75

## Development and Cultural Services Department

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7 £000	On-going £000
Parking income- fees (including contractor income share)	75	48	Underachievement of anticipated income levels following 05/06 price increases.	50	0
Parking income- fines (net of saving on attendants)	0	(54)	Fines income has underachieved by £43k but parking attendant vacancies account for a £97k saving	0	0
Street Lighting Electricity (including £40k over accrued in 2004/5)	0	(123)	As well as the overaccrual in 2004/5 the budget for 2005/6 was increased to reflect the likely charges for actual metered usage as opposed to estimates. These charges have never been applied. A contingency within the 2006/7 street lighting base revenue budget is being created to contain any subsequent backdated charges	0	0
Street Lighting Works	0	169	Due to the aging stock, there has been a marked increase, (20%) over the past three years, of faults logged for repair. The overspend on the defective columns has a knock on effect on the volume of work which is issued to regional electricity company. Unexpected increase in electricity costs with no notice from 1 August 2005. A substantial scheme was undertaken to replace much of the aging stock around the Mickleover area. This has a positive financial outcome, as it reduces the temporary deemed to comply list for Street Lighting PFI but contributed to the 2005/6 overspend.	0	0
CCTV income	(10)	54	Income has underachieved due to non achievement of budgeted recharges to businesses in the CastleWard area	50	50
Urban Bus Challenge	0	33		0	0
Business Support Staffing/Agency	0	34	Agency staff used to cover business essential duties at a higher rate than current vacancies	0	0

## Development and Cultural Services Department

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7  £000	On-going  £000
Departmental software mtce, support and franking etc	101	108	Departmental IT budget (£80k o/s) partly due to no provision set aside to cover the variance on budget devolvment. In addition an increase of 221 pc's since the devolved level has never been specifically budgeted for. For 06/07 elements of the business support recharge will be treated as controllable by service units, rather than departmentally controlled in order to put the responsibility on budget managers. Franking (£28k o/s) - an increase over the base level.	100	100
Assembly Rooms (net)	0	(101)	£23k staffing savings from vacancies. Approx £50k of the variance is due to an overachievement of income, net of direct show costs such as artiste fees and marketing. Approx £12k overachievement of letting income and £10k extra income from net ice cream sales	0	0
Libraries	(67)	(67)	Vacancies held to fund departmental position reported in February 2006	0	0
Residual Waste - Landfill savings shortfall / growth	100	176	Overspend due to £26k underaccrual for additional opening hours in 2004/5, £19k under budgeted opening hours in 2005/6, and an estimated 2,400t disposed over the budgeted 75,000t for 2005/6. An extra consideration is the estimated diversionary savings anticipated from recycling waste as part of the Rethink Rubbish scheme. Overestimated diversion is approximately £100k. Part of the RR underspend could therefore be relevant to offset against the waste disposal variance.	150	0
Rethink Rubbish net (excluding Unsupported Borrowing Variance)	(226)	(248)	Staffing vacancies, reduced marketing, no purchase of kitchen bins or blue boxes. Blue boxes replaced by blue wheeled bins. Kitchen bins to be purchased from reserves in future if required. £30k saving on collection costs	(100)	0

## Development and Cultural Services Department

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7 £000	On-going £000
Rethink Rubbish (Unsupported Borrowing Variance)	(120)	(121)	Adjusted treatment of accounting charges by delaying for one year post equipment purchase, rather than charging in the same year. Continues for 3 yrs until scheme fully implemented	(100)	0
Recycling net (excluding Rethink Rubbish)	0	(81)	Proportional charge of collection costs reduced to reflect change in accounting for Unsupported borrowing.	0	0
Other net variances - waste services	0	5		0	0
Other net variances - D&CS excluding waste services	92	9		0	0
Net Department Variance	167	(296)		345	345

of which:

Departmental underspend (423) (1,312)

Departmental overspend 590 1,016

## Education Department

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
				2006/7	On-going
	£000	£000		£000	£000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2					
		(48)			
LAA		(527)			
Corporately funded variances:	0	0		0	0
DEPARTMENTAL VARIANCES					
Individual Schools Budgets Carried forward balances Surplus 2005/6 Closing balances					
		5,062			
		863			
		5,925			
Education excluding individual school budgets  Awards Administration Sure Start - Neighbourhood Nurseries Early Years and Childcare Asset Management Central Staff Cover Finance  ICT Contingency	(65)	(26)			
		(93)			
		42			
		93			
		(27)			
	(70)	(31)			



## Education Department

Budget Area	Variance Reported February 2006  £000	Outturn Variance June 2006  £000	Explanation	On-Going Implications +/-	
				2006/7 £000	On-going £000
Voluntary Early Retirement		51	Derbyshire VER invoice higher than estimated. Expenditure on high cost pupil placements Staffing vacancies  Diminishing exclusions have resulted in less fines income from schools and supply costs for staff have overspent		
Recoupment/Independent Special School	193	254			
School Improvement	(122)	(171)			
Home to School Transport	(80)				
Special Needs Support Service	(197)	76			
Other minor variances	(68)	(31)	Income underachieved and a large overspend on utilities budgets Staff savings pending restructure of service Staff savings pending restructure of service staff savings on a vacant post		
Total Education excluding Schools	(409)	137			
<b>Sport and Leisure</b>					
Sport Centres		285			
Community and Play		(18)			
Coaching		(38)			
Administration \ Marketing		(24)			
Other minor variances		(9)			
Total Sport and Leisure	212	196			
<b>Net Department Variance excluding individual school budgets</b>	<b>(197)</b>	<b>333</b>		<b>0</b>	<b>0</b>

of which:

Departmental underspend

(602)

(468)

Departmental overspend

405

801

## Social Services

Budget Area	Variance Reported February 2006	Outturn Variance June 2006	Explanation	On-Going Implications +/-	
	£000	£000		2006/7 £000	On-going £000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2005/6					
LPSA2  LAA  Corporately funded variances:  Home Care Charges					
	0	(53)			
	0	(34)			
	696	696			
	696	696	0	0	
DEPARTMENTAL VARIANCES					
Children & Families	530	530	This overspend included unaccompanied Asylum Seeking Children with an overspend of £189k and Residential Services including In House Residential, Agency Residential, Independent Fostering Agencies overspend of £815k. This Residential Services overspend was partially offset by underspends on staffing of £625k across Children’s Services.		
Older People	(68)	(101)	Underspend on Care Management & Purchasing employee costs. Net of income reduction due to end of No Board income		
Physical or Sensory Disability	(51)	266	Overspends on domiciliary care, Direct Payments & stairlifts.		
Learning Disabilities	(210)	(275)	Underspends on nursing & residential placements following shift in provision towards community base & employee costs. Net of overspend on domiciliary care.		
Mental Health Needs	268	151	Overspends on nursing & residential placements & employee costs, particularly around care management.		
Other service areas	(106)	(45)	Underspends on nursing & residential placements		
Net Department Variance	363	526		0	0

of which:

Departmental underspend

(435)

(421)

Departmental overspend

798

947

## General Fund Revenue Outturn Variances 2005/6

Old Department	Allocation of variances to new departments								TOTAL £000
	Children and Young People £000	Corporate and Adult Social Services £000	Regeneration and Community £000	Environmental Services £000	Resources and Housing £000	yet to allocate to new depts £000	Public Priority budgets £000	Corporate £000	
Commercial Services				-51					-51
Chief Executive's									
Policy		65	3		-33				35
Corporate Services		-3					-30		-33
Finance					-309				-309
Treasury management and other corporate budgets								-1,742	-1,742
Development and Cultural Services			-98	-198					-296
Education									
Schools budgets	-863								-863
Other Education	137			196					333
Social Services	530	-43				39			526
<b>Total All Departments</b>	<b>-196</b>	<b>19</b>	<b>-95</b>	<b>-53</b>	<b>-342</b>	<b>39</b>	<b>-30</b>	<b>-1,742</b>	<b>-2,400</b>
Transfers from/to reserves									
Add transfer to schools balances	863								863
<b>Net Variance against latest approved budget</b>	<b>667</b>	<b>19</b>	<b>-95</b>	<b>-53</b>	<b>-342</b>	<b>39</b>	<b>-30</b>	<b>-1,742</b>	<b>-1,537</b>

## General Fund Revenue Outturn 2005/6

Table A - Treatment of the Net General Fund underspend 2005/6	Allocation of variances to new departments								TOTAL £000
	Children and Young People £000	Corporate and Adult Social Services £000	Regeneration and Community £000	Environmental Services £000	Resources and Housing £000	yet to allocate to new depts £000	Public Priority budgets £000	Corporate £000	
<b>Net Departmental Variance against latest approved budget</b>	<b>667</b>	<b>19</b>	<b>-95</b>	<b>-53</b>	<b>-342</b>	<b>39</b>	<b>-30</b>	<b>-1,742</b>	<b>-1,537</b>
Adjusted for:									
Fund balance of no board costs from corporate budgets		<b>-162</b>						<b>162</b>	<b>0</b>
Less transfers to corporate reserves:									
Emergency Planning underspend								<b>57</b>	<b>57</b>
Building on Excellence unused budget					<b>40</b>				<b>40</b>
LPSA1 ongoing budget underspend								<b>229</b>	<b>229</b>
general corporate reserves								<b>936</b>	<b>936</b>
Public Priority budget							<b>30</b>		<b>30</b>
<b>Final Variance</b>	<b>667</b>	<b>-143</b>	<b>-95</b>	<b>-53</b>	<b>-302</b>	<b>39</b>	<b>0</b>	<b>-358</b>	<b>-245</b>
<b>Proposed carryforward for commitments</b>	<b>0</b>	<b>25</b>	<b>15</b>	<b>163</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>
<b>Balance</b>	<b>667</b>	<b>-118</b>	<b>-80</b>	<b>110</b>	<b>-260</b>	<b>39</b>	<b>0</b>	<b>-358</b>	<b>0</b>

Table B - Service Reserve balances at 31 March 2006	Allocation of service revenue reserves to new departments					TOTAL £000
	Children and Young People £000	Corporate and Adult Social Services £000	Regeneration and Community £000	Environmental Services £000	Resources and Housing £000	
2004/5 carryforward reserves	38	284	591	324	310	<b>1,547</b>
service earmarked reserves	999	1,095	1,435	1,590	540	<b>5,659</b>

## Commitments requiring carryforward to 2006/7

Commitment Details and Justification	Commitment Amount £000
<b>Corporate and Adult Social Services - for commitment transferred to Environmental Services</b>  Environmental Services - continue temporary post. The employee has been given a contract until March 2007, following approval via the Council's Personnel Scheme of Delegation. The postholder is working on under age sales initiatives - targetting relevant groups with workshops / displays about underage sales of alcohol, solvents, knives etc. This work could not be continued to the same degree if the post is not supported.	25
<b>Regeneration and Community</b>  Arts Section - additional £15k to fund an overaccrued income figure during 2005/06. No approval obtained - although the original funding for the performance spaces study was met from within base Arts revenue budgets during 05/06. Outcome will meet the pressure on the 06/07 monitoring position.	15
<b>Environmental Services</b>  Rethink Rubbish (RR) - Vehicle financing reserve, because of the delayed introduction of two RR rounds in 05/06, the DSO delayed the procurement of some RR vehicles. A reserve is required to carry forward part of the financing costs associated with these vehicles.  Create a reserve for the introduction of kitchen bin collections within Rethink Rubbish. Originally planned for 05/06, the service was delayed and the revenue funding is requested to be carried forward pending implementation.	59  104
<b>Total Environemtnal Services</b>	163
<b>Resources and Housing</b>  To support the production of a new newspaper / annual report beginning 2006/7 in performance management. To be published 30/06/06. Report went to COG on 26/04/06- will give improved commuications with citizens.  Housing Market Needs Assessment. LA's are required by Government to undertake Housing Market Needs Assessments. Derby has given its commitment to GOEM to work in partnership with Amber Valley and South Derbyshire District Councils. Funding towards this assessment has been secured from The Regional Housing Board and SDDC, this would be jeopardised if DCC was unable to fund its contribution.	20  22
<b>Total Resources and Housing</b>	42

### Housing Revenue Account Outturn 2005/6 – Summary of main variances

	£000
Estimated Surplus in 2005/6 - February 2006	(3,579)
Variations at outturn:	
Increased Rent/Service Charges	(22)
Increased Housing Subsidy - Other	(14)
Increased Contribution from General Fund towards Community Facilities	(30)
Increased contribution to repairs account	659
Derby Homes Management Fee - Depreciation	10
Derby Homes Management Fee - Furniture & Equipment	(201)
Derby Homes Management Fee - Local Area Offices (Asset Rent)	38
Derby Homes SP Payment	(132)
Derby Homes Management Fee - Underspend to Contingency Reserve	(358)
Retained Supervision and Management	61
Reduced Provision for Bad Debts	(738)
Estates Pride	(873)
Reduced Capital Charges	(83)
Increased HRA Investment income	(77)
RCCO - Part spend of SP windfall	178
Other Minor Variances	(4)
NET SURPLUS 2005/2006	(5,165)
Total Reserves B/fwd from 2004/2005	(6,263)
<b>Total Reserves 31 March 2006</b>	<b>(11,428)</b>
Of which;	
Derby Homes Management Fee Reserve	(700)
Derby Homes Depreciation Reserve	(206)
Supporting People Reserve	(553)
White Goods	(201)
General Reserve Including Contingency	(9,768)
<b>Total Reserves 31 March 2006</b>	<b>(11,428)</b>
	0