



Derby City Council

COUNCIL CABINET
Date 08th February 2017

Report of the Leader of the Council

ITEM 16

Quarter 3 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 31 December 2016. 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 Council is currently forecasting an underspend of (£280,000) against the budget requirement of £219,224,736.
- 1.3 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.
- 1.4 As at period 9 the Council is forecasting to achieve permanent savings as planned of £18.629m (98%), 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 31 December 2016.

REASONS FOR RECOMMENDATION

- 3.1 To update Cabinet of the Council's financial position as at 31 December 2016 and to provide a forecast of the projected outturn for the 2016/17 Revenue Budget.
- 3.2 The Council has an 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

Report of the Chief Executive

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. This includes transfers from budgets which have forecast net savings.

Table 1: Summary of Revenue Budget Variances

Directorate	Net Controllable Budget 2016/17 £000s	Forecast Outturn Position £000s	Position at Period 9 £000s	Net Controllable Budget %
Peoples Services	152,408	154,633	2,225	1.46
Communities and Place	42,941	43,394	453	1.05
Organisation and Governance	45,873	42,915	(2,958)	(6.39)
Sub Total	241,222	240,942	(280)	0
Use of Reserves	(21,164)	(21,164)	0	0
RCCO	(833)	(833)	0	0
Net Budget Requirement	219,225	218,945	(280)	0

Table 2: Summary of Directorate Variances 2016 - 17

Directorate	P4 £000s	P6 £000s	P7 £000s	P9 £000s
People Services	3,235	3,537	2,666	2,225
Communities & Place	677	387	717	453
Organisation & Governance	(1,991)	(2,901)	(2,987)	(2,958)
Total	1,921	1,023	396	(280)
Prior Year Comparators	2,031	321	(726)	(2,061)

Peoples Services

- 4.2 The total variance for the People Services Directorate is an overspend of £2,225,000 although there are some significant variances contained within that. Both Adults and Children services continue to focus their work on the demand management aspects of the services.

- 4.3 At quarter 3 Adults Services is reporting a forecast overspend of £1,725,000. This is mainly as a result of forecast pressures for residential and community based care together with rising costs relating to extra care and voluntary sector grants, these costs are currently being partially offset by reduced costs relating to carers. 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 £500,000 for the financial year 2016/17 this is mainly due to pressures within Early intervention and Safeguarding services and Home to school transport. 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 £453,000. 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.

Parking Services is forecasting an overachievement of (£838,000) on both fine and fee's income after covering poor performance on season tickets; Estates are forecasting overachievement from rental income of (£93,000). Design and Property Service are predicting an overachievement of income (£65,000) added to by a one-off saving in Carbon Reduction commitment budgets (£177,000).

There are a number of pressures on expenditure budgets where the demand on the service is predicting adverse variance for the department, this includes £220,000 pressure on Grounds Maintenance with pressures on salary budgets and income underachievement compounded by savings targets; £88,000 salary and legal costs in Development Control; £110,000 on Spatial Planning in the main as a result of cost in relation to the Local Plan.

There is a £77,000 markets pressure due to site disposal, £100,000 on Building Consultancy due to income shortfalls and unrecoverable dangerous structure costs and £166,000 pressure in City & Neighbourhoods Partnership due to later than anticipated implementation of the staffing structure.

Other pressures include £576,000 on Sport Centres including £280,000 pressure from the QLC family pool closure and the Arena with a significantly higher than expected pressure for NNDR of £200,000.

Economic Regeneration and Projects have collectively a pressure of £265,000, £66,000 linked to delays in anticipated changes to loan repayments and £199,000 for Marble Hall related to lower than forecast rental income and changes to the loan arrangements still to be implemented.

Organisation and Governance

- 4.6 The Organisation and Governance directorate is currently forecasting an underspend of (£2,958,000), due to a number of variances across the directorate. The position is dominated by the Treasury management budget with other variances within Housing Benefit, Governance and Job Evaluation offsetting one another.

There is a (£2,905,000) anticipated underspend within treasury management as a result of changes to the MRP policy and additional service financing budgets to be transferred.

There is a potential (£500,000) underspend in Housing Benefits from the identification of eligible overpayments. This may increase by the year end as further information is made available.

A pressure of £840,000 exists within the governance department due to ongoing pressures within insurance, legal cost, standards complaints and Bi-Election Costs.

And finally there is (£298,000) underspend in Job Evaluation budgets due to a full year cost not incurred in the current year.

5 Delivery of Savings

- 5.1 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 4.

Table 3: Analysis of Achievement of Savings by Directorate:

Directorate	Savings Target in 2016/17 Budget	Savings Achieved at Period 9	Further Savings Forecast to be Achieved	Total Forecast Savings Delivery	Net Variance at Period 6	
	£000s	£000s	£000s	£000s	£000s	%
Peoples Services	(5,758)	(5,558)	(200)	(5,758)	0	0
Communities and Place	(5,453)	(2,871)	(2,202)	(5,073)	380	6.97
Organisation and Governance	(7,798)	(7,798)	0	(7,798)	0	0
Total	(19,009)	(16,227)	(2,402)	(18,629)	380	2.00

Peoples Services

- 6.2 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.

The Adults directorate has achieved permanent savings of (£5,363,000). However £227,000 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 £2,737,000 Adults services forecast out-turn for 2016/17, but will be achieved in future years.

Communities and Place

- 6.3 The Communities and Place directorate is forecasting savings of (£5,073,000) will be achieved by the end of 2016/17. These have been achieved either directly or by alternative means with a view of achieving in the future.

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 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 £250,000.
- Review of management and supervisory staff across grounds maintenance and street cleansing saving of £41,000.

Organisation and Governance

- 6.4 It is anticipated the Organisation and Governance directorate will achieve the entire (£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)	Toni Nash, Head of Finance David Cox, Head of Human Resources Martyn Marples Director of Finance, Jill Craig Director of Digital Services
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For more information contact: Background papers: List of appendices:	Toni Nash 01332 64149 e-mail toni.nash@derby.gov.uk None Appendix 1 – Implications
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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.

Classification: OFFICIAL

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