

**Revenue Outturn 2006/7****SUMMARY**

- 1.1 The Council's overall net General Fund revenue spending in 2006/7 is an improved position to that anticipated when revised estimates were last brought before Cabinet in February 2007. Overall there is a net General Fund underspend of £397k against the latest approved budget instead of the net £85k underspend forecast in February 2007, representing a net variance of 0.26% of the Budget Requirement. These figures exclude the outturn on the individual schools budgets. The most notable variances are a £1.7m overspending on Adult Social Care including an anticipated £0.5m for the previously reported No Board loss of income and a net £2m underspending on corporate budgets mainly from Treasury Management and Supporting People. These were all key variance areas reported in February 2007.
- 1.2 £55k of the net underspend relates to the Emergency Planning budget and it is proposed that this should be transferred to the corporate Emergency Planning reserve. It is proposed that the balance of £342k is transferred to corporate reserves and earmarked towards the Council's corporate contribution to the Building for Schools preparation costs, subject to recommendations in the separate Building Schools for the Future report on this agenda. The report also seeks approval to the treatment of Local Area Agreement – LAA, Local Public Service Agreement - LPSA2, and other partnership budget underspends.
- 1.3 Departments have also re-examined the level and reason for holding service carryforward and service earmarked reserves held for a defined future use. Cabinet approval is sought for change of use totalling £1.456m to address new service priorities and budget risks. £324k is no longer required to be held as service reserves and will be transferred to the unallocated corporate reserves for future corporate use. An update on the corporate reserves position is included in the Revenue Budget Strategy report on this agenda.
- 1.4 The outturn surplus on the Housing Revenue Account – HRA – is £2.957m, which is £1.392m more than the budget plan for the year. £0.779m of this is attributable to Derby Homes. The increase in the surplus is mainly attributable to increased rent and service charge income and reduced provision for doubtful debts.
- 1.5 Subject to any issues raised at the meeting, I therefore support the following recommendations.

RECOMMENDATIONS

- 2.1 To note the revenue out-turn for the financial year 2006/7 and the variances to the latest approved budget at Appendix 2.
- 2.2 To approve the treatment of variances at paragraph 1.8.
- 2.3 To approve the treatment of LAA, LPSA2 and other partnership budget underspends as details in paragraph 1.9.
- 2.4 To approve the change of use of service carryforward reserve balances at 31 March 2007 no longer required for the original purpose held, as detailed in Appendix 4.
- 2.5 To note the service earmarked reserves held at 31 March 2007 and approve the change of use detailed in Appendix 5.
- 2.6 To note the Housing Revenue Account outturn 2006/7 at paragraph 1.17 and Appendix 6.



DERBY CITY COUNCIL

COUNCIL CABINET
31 JULY 2007

Report of the Acting Corporate Director of Resources

Revenue Outturn 2006/7

SUPPORTING INFORMATION

General Fund Revenue Outturn 2006/7

- 1.1 The total net outturn in 2006/7 on all General Fund services after transfers to school balances was £155.149 million, an underspend of £0.397 million against the latest approved budget, or 0.26% of the budget requirement.
- 1.2 This is summarised in Table 1 below an explanation of the main variances at Appendix 2.

Department	Reported Variances February 2007 £000	Final Outturn Variance June 2007 £000
Children and Young People – excluding individual school budgets	624	(336)
Corporate Adult Services –		
Adult Social Care	1,307	1,732
<i>Less use of corporate reserves</i>	(500)	0
Housing	0	56
Other Services	147	0
Environmental Services -		
Trading	218	(109)
<i>Less use of Trading reserve</i>	(218)	0
Other	0	(29)
Regeneration and Community	317	304
Resources	4	0
Corporate budgets –		
Supporting People	(867)	(867)
Treasury Management	(1,400)	(1,702)
Other	283	554
Net underspend against latest approved budget	(85)	(397)

- 1.3 The net outturn underspend is £0.312m more than the forecast outturn position reported in February 2007. In addition, the net outturn position has been achieved without the call on £0.5m corporate reserves and £0.2m Trading services reserves built into the forecast outturn position.
- 1.4 Appendix 2 gives full details of the variances with explanations of why the outturn position is different from the approved budget together with an early indication of any on-going implications into 2007/8, not already addressed in the 2007/8 approved budget. These will be examined further and reported through the course of 2007/8 revenue budget monitoring to Cabinet together with proposed treatment, together with consideration of any on-going implications into future years as part of the 2008/9 – 2010/11 budget process.
- 1.5 The main points to note from the variance analysis are:

Children and Young People's department – net underspend of £336k.

This is a much improved position to the forecast overspend of £ 624k in February 2007. The main shift in variances are:

- Pupil Referral Unit and Behaviour Support – increase in underspend from £100,000 to £240,000 because projects funded from the School Development Grant had delays in starting, and there was an increase in income from the various initiatives relating to pupils at risk of exclusion.
- Local Area Agreement (LAA) – use of £150,000 underspends from the LAA to support eligible expenditure in core budgets.
- Family Support and Integrated Services – increase in underspend from £38,000 to £221,000 due to staffing vacancies and on accommodation costs due to delays in Area One pilot moves
- Fostering and Adoption – costs £175,000 less than previously projected because cost of places lower than anticipated and reduction in home improvement payments
- Social care agency placements – costs £214,000 less than previously projected because of work to place children with in-house carers, underspends on court fees and psychological assessments and a Home Office grant for a placement
- Residential and leaving care – costs £213,000 less than previously projected because of a one-off payment of Unaccompanied Asylum Seeker Grant, and underspends on staffing and premises in children's homes
- These improvements were partly offset by increased costs in two areas:
 - PFI utility costs - £184,000 costs funded centrally due to excess energy consumption in the new PFI schools
 - Workforce Learning and Development – increased overspend from £144,000 to £288,000 due to increased demands for training, failure to achieve income targets and employment of a temporary ICT trainer.

Corporate Adult services – Adult Social Services - £1.7m net overspend

- Previous monitoring reports had identified a budget pressure on home support services. The final overspend was £2.1m, which was £0.2m more than the overspend forecast in February 2007, despite targeted action to try and address the causes. In-house and independent sector home care service provision and growth in direct payments continued above the budgeted levels.
- £0.5m loss of No Board income as reported to September 2006 Cabinet

- £0.5m saving was achieved from a reduction in the number of elderly residential and nursing placements
- £0.4m net savings were also made across other service areas, mainly generated by vacancy control and reduced support costs.

Corporate Adult Services – other service areas - £56k net overspend

- £56k net overspend on General Fund Housing Services comprising additional software costs and income variations to budgeted levels
- £155k overspend from external legal and Counsel fees addressed as an ongoing pressure in the 2007/8 budget offset by savings across other service areas including higher than budgeted income achievement

Environmental Services

- The Trading Accounts returned a gross surplus of £336k reduced to a net surplus of £109k after earmarking funds for Derwent NEAT £70K and Springwood Leisure centre £160k. This is a much improved position to that forecast and reported to Cabinet in March 2007. In March 2007 Environmental Services reported to Cabinet a potential £700k deficit in the Building Section for 2006/07. The final outturn was a surplus of £353k. The main reasons for the improved performance are ...
 - Turnover was anticipated to be around £18.1m against a £20m target required to breakeven. The final turnover achieved was £19m. The reason for the increase from the £18.1m is £513k income from external clients plus around £400k income from clearing old final accounts on major contracts that were not included within the £18.1m estimate. This resulted in an increased contribution of around £500k.
 - In addition material costs (these are cost of materials from suppliers and subcontractor costs) had been budgeted at 68% of turnover. Actual costs came in at 62% of turnover, making a reduction of around £550k from the anticipated materials costs.
- The actual surplus or deficit position on each trading service is detailed in Appendix 2e.
- Other non trading service areas returned a net underspend of £29k with the main underspend being from additional fee income at the Crematorium of £48k.

Regeneration and Community department – net overspend of £304k

- £154k lower Development Control and Building Control income levels than assumed in the budget due to a downturn in applications.
- £123k additional Highways maintenance and Streetcare staffing costs, together with £372k additional highways maintenance contract costs.
- £92k increased costs of providing CCTV.
- One-off £362k electricity savings on street lighting budget prior to street lighting public finance initiative scheme, due to lower supply contract rate in place than assumed in budget.
- On and off street car parking cost a net £57k more than budget for. Within this fee and fine income was down £186k partly offset by savings in operating costs.
- £102k saving in Libraries mainly on salary budgets.

Resources department – a net nil outturn was achieved overall, within which one-off revenue costs associated with the new corporate financial system were funded from additional income.

Corporate Budgets – overall net underspend of £2m

- £1.7m Treasury management budget underspend against the forecast outturn position of £1.4m in February 2007. Interest rates and investment balances have continued to be maintained at a higher level than forecast creating a further net underspend, partly counteracted by the cost of earlier borrowing.
- £867k Supporting People budget underspend as forecast in February 2007. In addition a further £328k of the underspend anticipated in the 2007/8 budget to repay the balance of previous years overspend was achieved in 2006/7, due to slippage in the investment programme, and returned early to corporate reserves.
- £343k housing benefit budget overspend due to decreased overpayment creation and recovery and additional external audit fees.
- £48k higher share of costs of the Coroners service and £93k loss of support service recharge income, not anticipated in the forecast outturn.

1.6 In line with Local Management of Schools the net outturn variance on individual school budgets has been met from school balances, reducing them by £0.381m to £5.544m at 31 March 2007. A separate report on retained school balances is on the agenda for this Council Cabinet meeting.

1.7 There are a number of other adjustments that have been made to service outturns to arrive at the final general fund outturn. These relate to ringfenced budgets and approved service developments and are explained below and summarised by department in Appendix 3.

- £593k LAA, £217k LPSA2 and £386k other partnership budget underspends as shown in Appendix 2g have been treated as ringfenced partnership balances. These have been transferred to earmarked service reserves for separate agreement and recommendation of treatment by the relevant management group, prior to Cabinet approval.
- £70k funding approved for Derwent NEAT costs in 2007/8 held in corporate reserves.
- £160k to underwrite Springwood Leisure Centre running costs held in corporate reserves.
- £328k Supporting People underspend transferred to corporate reserves. This was approved as a planned transfer to corporate reserves in the 2007/8 budget but realised in 2006/7.
- £193k ringfenced Waste Performance grant received 2006/7 held in corporate reserves for the waste strategy.
- £69k approved Libraries restructure costs to be incurred in 2007/8 held in corporate reserves.
- £230k Concessionary Fares underspend transferred to the Concessionary Fares earmarked reserve in line with approved budget plans to address future budget pressures.
- £435k balance unspent on the job evaluation contingency budget for 2006/7 which has been transferred to corporate reserves, in line with the treatment approved in the February 2007 budget report. This is after funding £0.8m pay

arrears compensation payments not covered by the £3.9m capitalisation direction.

Proposed treatment of variances

- 1.8 The net General Fund underspending of £397k has been pooled for the purpose of consideration of its treatment, in line with February 2007 Cabinet. After consideration of highest priority needs across the Council, with particular emphasis on earmarking funds for known commitments and potential future budget pressures, the proposed treatment is as follows:
- £55K Emergency planning underspend included in other corporate budgets variance to be transferred to the emergency planning reserve. £35k of this is committed for a flood risk assessment in 2007/8 and the balance on the reserve is held as a major emergency fund.
 - The £342k balance, which has mainly arisen as a result of an improved outturn position on Children and Young People's department budget to that forecast in February, to be transferred to corporate reserves to hold against the Building Schools for the Future corporate contribution. This is subject to the approval of the recommendations in the Building Schools for the Future report on this agenda.
- 1.9 Derby City Partnership – DCP – management group on 12 July 2007 approved the use of the £0.593m LAA underspend for the carryforward requests at Appendix 7. The proposed treatment of LPSA2 underspends, as also reported to that meeting, is as follows:
- specific carryforwards of amounts for approved commitments made in 2006/07 against 2006/07 approved budget plans, but not now incurred until 2007/08
 - no blanket carryforward of other underspends
 - target Lead Officers to have the option to submit a specific bid against the balance of underspends to fund additional expenditure in 2007/08, the final year of LPSA2, where they can demonstrate it will improve current performance enough to increase the estimated reward.

A report will be brought back to Cabinet on the proposed use of the LPSA2 underspend, once proposals have been finalised against this criteria. Recommendations on the treatment of other partnership budget underspends will be reported back to Cabinet as proposals are finalised by the relevant management group.

Existing service reserves

- 1.10 Appendix 4 sets out the level of current departmental reserve balances that were created from previous year's approved carry forwards which remained unspent at 31 March 2007. These total £1.783m.
- 1.11 There have been no further general departmental carry forwards approved from the 2006/7 outturn. Chief officers have therefore reviewed and re-prioritised the uses to which existing carryforward service reserve balances are held to take account of new service priorities as well as any previously unforeseen pressures or potential

budget risks. Appendix 4 details those proposals for alternative use requiring Cabinet approval totalling £0.589m.

- 1.12 Departments also hold other service reserves earmarked for defined future use, in addition to the departmental carryforward reserves. These total £16.393m at 31 March 2007 and are summarised in Appendix 5. Chief Officers have also re-examined the level and reason for holding earmarked service reserve balances. Details are provided in Appendix 5 of those requiring Cabinet approval for a change in use totalling £0.867m, and £0.324m of balances no longer required for their original purpose to be transferred to unallocated corporate reserves.
- 1.13 In addition future reports will be brought to Cabinet to approve the use of the Development Control action plan reserve and the concessionary fares reserve.
- 1.14 The requirements against which these reserves are being held will continue to be monitored with Cabinet approval being sought for any changes.
- 1.15 Reserves should only be used to support one-off items of expenditure. As part of the budget process, Chief Officers will need to develop an exit strategy for any on-going service costs currently funded from reserves, after reserve balances have been fully used. This is particularly relevant to permanent staff engaged on time limited developments.

Corporate Reserves

- 1.16 An updated position statement on corporate reserves, taking into account approved transfers to corporate reserves as part of the 2006/7 outturn as outlined in this report, will be reported to Cabinet as part of the 2008/9 to 2010/11 Revenue Budget Strategy.

Housing Revenue Account Outturn

- 1.17 The Housing Revenue Account - HRA - shows an outturn surplus of £2.957m, which is £1.392m more than the budget plan for the year, although £0.779m of the variance is earmarked to Derby Homes. Accumulated HRA balances at 31 March 2007 stood at £14.385m.
- 1.18 The main variations are as follows ...

Balances – (£14,385,000)

Out of the balance of £14,385,000 on the account, £1,496,000 is earmarked for specific purposes stated. The remaining general reserve and contingency of £12,889,000 is partly to provide for the longer term prospects for the HRA after the loss of 8% ALMO funding in 2001/2012 and beyond and therefore not available for general use.

Repairs Account

The separate repairs account currently shows a surplus of £374k which represents the excess contribution over repairs costs charged for the year. The surplus has

arisen due to the more prudent management of the repairs account to help to repay the cumulative over spend that occurred in the previous year.

Rents and Service Charges (£764,000)

Rents and Service charges have exceed the levels assumed in the HRA business plan due to lower than anticipated Right to Buy levels and rents continuing to be received for flats scheduled for demolition, the latter of which is a temporary benefit to this account.

Housing Subsidy £40,000

A net reduction in Housing subsidy of £40,000 is anticipated due to a reduction capital financing allowances assumed in the HRA business plan

Derby Homes Management Fee – £92,000

The Management Fee payable to Derby Homes was overspent by £92,000 for the year. The over spend represents – £89,000 in respect of Oracle IT implementation and £24,000 in respect of Local Area Office closure support. These overspends were partially offset by a general reduction in the Management Fee of £20,000 offered by Derby Homes as a result of NNDR savings.

Derby Homes Management Fee – Furniture Scheme £201,000

This represents the spend during 2006/2007 on furniture packs; this is funded from an earmarked reserve.

Derby Homes – Incentive Scheme (£24,000)

Provision exists within the HRA business plan to offer Derby Homes a financial incentive to improve performance on areas such as Rent Collection and voids. The budgeted incentive level for 2006/07 was £150,000 which would have required performance at 100%.

Derby Homes – Supporting People Transitional Support – (£49,000)

Following a review of Supporting People services within the City, it was identified that the Sheltered Scheme provision offered by Derby Homes was in excess of that required. As a result, a major restructuring of the service was necessary. To assist Derby Homes in this process an amount of £680,000 was set aside in the current year with a further £350,000 in 2007/08. To date Derby Homes have claimed £631,000.

The cumulative management fee reserves currently stand at £424,000 - the following of which is their planned use:

New financial system implementation	£ 35,000
Replacement Housing Management & Maintenance system	£269,000
Contingent Sum	<u>£120,000</u>
	£424,000

Reduction in provision for bad and doubtful debts – (£624,000)

Following advice from external audit bad debt provisions for furniture packs were assessed as not being necessary. As a result £330,000 was written back during the year. In addition lower levels of rent arrears and general bad debts have resulted in no additional contribution towards bad debt being required this year.

HRA Investment income (£173,000)

The HRA earns interest on it's 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 from that projected in the business plan - £173,000.

Revenue Contribution to Environmental Improvements £109,000

A contribution to capital expenditure was made for environmental improvements, the funding of which was from a separate revenue reserves set up for the initial Supporting People windfall.

Write Back of Housing Subsidy Provisions (£207,000)

Provisions held for the claw back of Housing Subsidy have been assessed as no longer deemed necessary, As a result £207,000 was written back to the HRA.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Explanation of Main Variances Appendix 3 – Departmental Outturn Summary Appendix 4 – Service carryforward reserves Appendix 5 – Service Earmarked reserves Appendix 6 – Housing Revenue Account Variances Appendix 7 – LAA carryforwards

IMPLICATIONS

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.

Children and Young People's Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Non Schools				
Workforce Learning & Development	144	288	Employment of a temporary IT trainer and increasing demands on the ICS System resulting in the necessity to buy in more routine training.	100
Agency placements	498	284	Children's agency residential and fostering placements greater than that assumed in the budget, although the final overspend was an improved position to February 2007.	0
Special Education Needs Transport	-30	-28	Savings on the provision of escorts for special needs children.	0
ICT	0	0		
Adult Learning	0	0		
Central Schools Risk Budgets				
Recoupment/Independent Special School fees	495	455	High cost placements and a reduction of income from Derbyshire for placements at enhanced resource schools.	0
Pupil Referral Unit & Behaviour support	-100	-240	Additional funding from the Dedicated Schools Grant and part year savings on new posts.	0
Early Years	-11	0		

Children and Young People's Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Other Non Schools				
Children's Social Care Budgets	315	-82	Cost of fostering places lower than anticipated and savings on staffing and premises budgets in residential children's homes.	0
Unaccompanied Asylum Seekers	50	-64	Additional Home Office grant received	0
Voluntary Early Retirements	38	78	Additional ongoing commitments approved since the base budget review	0
Inclusion	-33	-98	Funding identified for hard to place pupils not required at anticipated level and savings on vacant head of service post	0
School Improvement	-55	-121	Staffing vacancies and utilisation of external grants and standards funds	0
Youth Service	-58	-89	Increased savings on supplies and utilisation of external grants	
Partnership, Performance & Participation	-71	-108	Underspend on Information Sharing Index Grant, this is not a ring fenced grant, used to support existing activity	0
Family Support	-38	-221	Vacancy savings and accommodation savings on the Area One Pilot Project	
Other Departmental Variances	-93	-163		
Other Schools Budget				
Central Staff Cover	91	123	Maternity reimbursements to schools	
Early Years Foundation Stage Payments to Private & Voluntary Sector	-70	-66	A general reduction in the number of places	0
Schools PFI Utility Costs	0	184		
Total Schools Budget Variance	405	456		
Total Non Schools Budget Variance	667	-324		
Less contributions from LAA	-448	-468		
Net Department Variance	624	-336		100

Adult Social Services Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Home support (home care and Direct Payments risk budgets)	1,900	2,170	Actual growth of 43% against budgeted nil growth in Direct Payments and pressures in home care within in-house service and independent sector Older People's services.	1,800
Residential and nursing placements (high cost packages of care risk budgets)	-701	-499	Reduction of 55 elderly placements during the year.	
Supporting People risk budgets	76	76	There has been a cut in Supporting People funding nationally.	0
Care Management and Support Services	-427	-392	Underspends in arising from vacancy management of social work staffing costs plus savings in Support Services.	0
Learning Disability Day Services	-190	-166	Underspends in arising from vacancy management of staffing costs.	0
Strategic Planning – Adult Social Services	36	1	Potential overspends managed to year end.	0
No Board income	500	500	Loss of protection of No Board income on Elderly & Learning Disability residential budgets	0
Other Budget Areas				
Net (under)/overspend on other areas	113	42		0
Net Department Variance	1307	1732		1800

Corporate Adult Services - Housing Services

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Other budget areas				
Housing Services Management	0	19	Computer Software Purchase	0
Housing Options Centre	0	88	Computer Software Purchase & Training, rent and other minor variances	0
Capital Accommodation	0	47	Outstanding HB unlikely to be reclaimed	0
Community Care	0	-67	Additional Lifeline income	
Private Sector Housing	0	-24	Additional income	
Supporting People Administration	0	-21	Delayed appointment of SP accountant	0
HIMO Licensing	0	24	due to a delay in implementation of a licensing scheme for HMO's – causing costs to exceed income (fees) in 2006/07 – the first year of the scheme. In future years it is anticipated that fees will exceed costs	-24
Homeless Hostel	0	-10	Additional income	-10
Net Department Variance	0	56		-34

Adult Corporate Services - Other Services

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Legal	147	155	High overspends due to use of external Legal services & Councils. This had been anticipated throughout the year and additional resources have been added to the base budget for the 2007/08 financial year.	0
Markets Income	0	-44	Under-recovery of Eagle Centre Market rents due to voids, off set by additional income to the Cattle Market & various other markets	0
Other budget areas				
Other Variances	0	-79		
Democratic Services	0	-32	Underspends due to delayed appointments to vacancies and additional income from services at Derby Register Office	0
Net Department Variance	147	0		0

Environmental Services Department - Trading Accounts

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Building	100	-353	Actual turnover achieved totalled £19m, earlier estimates had forecasted £18m. The additional turnover secured by finalising major contracts plus better than anticipated margins on material costs resulted in better than forecasted outturn position.	0
Catering	0	236	Anticipated school meal income lower than forecasted in the last three months	0
Golf	91	113	Poor weather in early spring resulted in lower green fee takings.	0
	191	-4		
Other budget areas				
Cleaning & Caretaking	135	25	Original income estimates too low, staff costs lower than budgeted.	0
Refuse Collection	-40	-114	Trade waste income higher than budgeted, savings in employee costs	0
Street Cleaning	-72	-58	Equipment purchased late in the year	0
Other trading accounts	4	-188	Grounds Maintenance outturn of £142k surplus due to completion of more minor works jobs than budgeted and reduced labour costs	0
	27	-335		
Derwent NEAT	0	70	To create reserve as explained in report	
Springwood Lesiure Centre	0	160	To create reserve as explained in report	
Net Department Variance	218	-109		0

Environmental Services Department - Other Services

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Bereavement Services	69	37	Additional maintenance works completed	0
Parks	-69	-48	Higher than expected number of cremations	0
Waste management	0	7	Overspend on waste disposal of £155k, offset by DEFRA grant received for waste disposal of £90k plus larger than expected junk collection income.	114
	0	-4		
Other budget areas				
Env Health & Trading Standards	0	-27	Late accounting entry from previous year of £14k plus net minor underspends on budgets.	0
Sport & Leisure	0	2		0
	0	-25		
Net Department Variance	0	-29		114

Regeneration & Community Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
TO BE EXCLUDED FROM DEPARTMENTAL VARIANCES 2006/07				
Partnerships variances to carryforward				
CSP Core		-105	Underspend due to employee salary slippages and the recruitment process keeping posts vacant for longer than anticipated; and higher recovered costs from increases in funding streams across the CSP, against a total budget of £414k which includes funding from external partners	0
Area Neighbourhood Working		-249	Underspend due to late recruitment of personnel and therefore the late start of area neighbourhood activities against a total budget of £1.7m of revenue expenditure which includes funding from external partners	0
DCP		-32	Underspend on savings made on staffing costs during re-structure of DCP and team against a total budget of £342,000 which includes funding from external partners -	0
	0	-386		0

Regeneration & Community Department

Appendix 2g

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
DEPARTMENTAL VARIANCES				
Risk Budgets				
Transport procurement including revenue support	20	15	Revenue Support overspend, contract renewals exceeding the budgeted inflation.	-
CCTV Income contributions	54	54	Underachievement of budgeted recharges for Castleward area 54k.	-
Car park income	189	57	Parking and fine fee income across on and off street car parks is £186k below budget. Fine income has fallen short of the anticipated level, however, the cost to implement has been less than the budget, earning a net underspend of £41k. Other net underspends across running costs in parking budgets total £47k.	potential risk
Development Control	46	54	Under achieved fee income due to down turn in applications £54k.	potential risk
Building Consultancy	48	100	Under achieved fee income £100k due to downturn in inspections & increased competition from private sector.	potential risk
Street Furniture	20	27	Underachievement of income. Loss of income due to fewer sites across the city as a result of current development works taking place.	potential risk
Other budget areas				
Culture				
Guildhall/Orchestral Concerts		-41	Orchestral concerts, able to negotiate orchestra's at lower fees (5k). Guildhall underspend on salaries (15k), less than anticipated premises running costs (13k), other net underspends and small overachievement of income (8k).	-
Libraries		-102	Net underspend across all libraries mainly salary underspend/vacancies held.	-

Regeneration & Community Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Performance & Resources				
Management & Admin		84	IT costs greater than budget 44k. St Peters Works office accommodation spend to re-house DCP 38k.	-
Regeneration				
Friargate Studios		17	Delayed opening and difficulty attracting tenants, reflected in lower than anticipated income.	237
Highways and Transport				
Highway Maintenance		123	Overspend on salaries. 23k Head of Service cost as result of restructure. Additional costs of Streetcare admin staff until transfer to Derby Direct 42k. Overspend on agency staff to carry out streetcare admin duties 61k, costs shared with Waste division.	-
Highways maintenance addiitonal contract costs	0	372	Provision for additional Highways Maintenance costs	
CCTV		38	Mainly 35k overspend on monitoring and maintenance equipment and consumables costs, as the equipment becomes life expired and more costly to maintain.	-
St Lighting		-362	Electricity saving 372k and £10k overspend on works.	-
New Roads and Street Works Income		-58	Overachievement of New Roads and Street Works income. Payments from companies (mainly Utility) for works on the public highway.	
Other net variances	-60	-74	Includes £60k use of service reserves	
Net Department Variance	317	304		237

Resources Department

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Council Tax Billing & Recovery	100	-59	Additional income recovered on Court Fees	0
Other budget areas				
Financial Management System	0	103	The new Financial Management System project costs have now been funded from within the department out-turn, this was originally intended to be paid from service reserves.	0
Other Variances	-96	-44	Additional income received for ICT services	0
Net Department Variance	4	0		0

Corporate Budgets

Budget Area	Variance Reported February 2007 £000	Outturn Variance June 2007 £000	Explanation	On-Going Implications not budgeted for 2007/8 +/- £000
Risk Budgets				
Treasury Management	-1400	-1702	Additional Interest received on balances due to higher interest rates	
Benefits Payments	397	343	Overspend due to reduced subsidy entitlement, reduced bad debt provision, transitional protection no longer available & greater recovery of overpayments.	200
Supporting People less transfer to corporate reserves as planned in 2007/8 budget	-867 0	-1195 328	Result of service reduction reviews which have over achieved and have gone back into Corporate Reserves to pay for previous years overspends	0
Other budget areas				
Insurance budget	-97	-53	Insurance operational budget savings	0
Coroners Service	0	48	Increased cost of share of joint service with Derbyshire County Council	potential risk
Support Service External Recharges	0	93	Reduced charges for services outside of general fund	0
Other budgets	-17	123	£69k approved provision for Libraries restructure costs in 2007/8 together with other minor variances	0
Net Department Variance	-1984	-2015		200

General Fund Revenue Outturn 2006/07

Summary of Departmental Variances

OUTTURN VARIANCES AND TREATMENT	DEPARTMENT BUDGETS								CORPORATE BUDGETS			Ringfenced LAA/Partnership £000	Ringfenced LPSA2 £000	TOTAL £000
	Children and Young People £000	Corporate Adult Services Adult Social Services £000	Corporate Adult Services Other Services £000	Corporate Adult Services Housing £000	Regeneration and Community £000	Environmental Services - Trading £000	Environmental Services - Non Trading £000	Resources £000	Job evaluation £000	Supporting People	Treasury Management and other Corporate budgets £000			
Service final accounts variance 2006/7	-336	1,732	0	56	304	-339	-29	0	-435	-1,195	-1,640	-979	-217	-3,078
Less adjustments in line with Cabinet approvals and approved budget plans														
Earmark funds for library restructure to fall in 2007/8											69			69
Fund Derwent NEAT						70								70
Earmark to underwrite Springwood running costs						160								160
Job Evaluation Reserve									435					435
Supporting People underspend planned transfer to corporate reserves 2007/8 recieved in 2006/7										328				328
Concessionary Fares underspend earmarked against future budget risk											230			230
Less transfer ringfenced variances to specific earmarked reserves														
LAA/Partnership/LPSA												979	217	1,196
Waste Performance Grant unused element to hold in reserves for waste strategy											193			193
														0
FINAL GENERAL FUND OUTTURN VARIANCE	-336	1,732	0	56	304	-109	-29	0	0	-867	-1,148	0	0	-397
<i>% of Budget Requirement</i>														0.26%

PROPOSED USE	£000
Emergency planning underspend included in other corporate budgets variance to be transferred to the emergency planning reserve	55
Balance to be transferred to corporate reserves to hold against the Building Schools for the Future corporate allocation	342
Total	397

Departmental Carryforward Reserves

Department	Carryforward for original approved use in 2007/8 £000	New use Proposed £000	Total Balance 31 March 2007 £000
Resources department including corporate ICT and systems developments			
specific department commitments previously approved	134		
Corporate ICT Infrastructure to now include Telecommunications review	245		
ICT approved voluntary early retirement costs		22	
Towards corporate CPA Assessment process		43	
Corporate financial systems, customer services and ICT developments		193	
Balance 31 March 2007	379	258	637
Corporate Adult Services department - non Adult Social Services			
e-Recruitment project to be completed in 2007/8	40		
Future budget risks		50	
	40	50	90
Children and Young People's department			
To support increasing young people's participation and particularly work with the Shadow CYP Board		5	
Temporary staffing support 2007/8 to improve capacity and performance on the reviews of CLA cases		30	
Integrated Children's System Temporary Staffing		30	
Building Schools for the Future corporate contribution		140	
	0	205	205
Environmental Services department			
Specific department commitments previously approved	580		
Depot capital scheme 2006/7 slippage to 2007/8 - revenue funding commitment		30	
Change of use of balance of reserve for Headstones at risk - to be used towards the cost of a replacement generator at the Crematorium		20	
	580	50	630
Regeneration and Community Department			
Specific department commitments previously approved	195		
Eco-fest bi-annual event 2007/8 - 2006/7 budget		8	
Historic grants commitments in 2007/8 from 2006/7		3	
Balance no longer required for Arts accruals to be used towards repayment of pump priming fund advance for the Jayex signboard		15	
	195	26	221
Total Service Carryforward reserves 31 March 2007	1194	589	1,783

SERVICE REVENUE EARMARKED RESERVES AS AT 31 MARCH 2007

Dept Key	Reserve	Balance 31 March 2007 £000	Purpose of Reserve
	Earmarked for corporate use - held for a defined purpose		
R	Treasury management unsupported borrowing reserve	75	Arisen from timing difference between contributions and costs
R	Insurance Reserve	586	Held against potential insurance claim risk in excess of claims provisions held
R	Corporate Financial Systems earmarked reserve	359	New corporate financial system - ORACLE - implementation - residual phase 1 and phase 2, Includes £55k from 2006/7 outturn. £35k committed for flood risk assessment 2007/8 . Balance
R&C	Emergency Planning	129	held as major disaster funding reserve
		1,149	
	Earmarked for Public Finance Initiative Schemes		
R	Housing PFI revenue costs (switch from capital funds)	835	Earmarked for development costs
R	Schools PFI revenue costs (switch from capital funds)	356	Earmarked for City Council element of annual service charge for Merrill and Lakeside
R	Housing PFI contract reserve	912	These balances represent a surplus to date which has been produced as a result of the PFI grant received being in excess of unitary charge payments to the contractor. However, the grant is received on an annuity basis, therefore over time, the unitary charge will exceed the level of grant received in future years, therefore the surplus from early years will fund the deficit in the later years of the project.
R	Schools PFI contract reserve	5,472	
		7,575	
	Ringfenced balances held for defined use		
CAS-ASS	Learning Disabilities development fund	447	Funding received for defined developments . To be used 2007/8 . Similar timing difference 2007/8 to carryforward to 2008/9. Funding being phased out from 2007/8
R&C	Derby City Partnership	68	see paragraph 1.9 of main report
R&C	Community Safety Partnership	156	see paragraph 1.9 of main report
R&C	Area and Neighbourhood including Area Panels	301	see paragraph 1.9 of main report
various	LAA underspends	979	see paragraph 1.9 of main report
various	LPSA2 underspends	217	see paragraph 1.9 of main report
CYP	Schools staffing polled premium	270	From school budgets contributions - ringfenced schools monies to cover staff absences
ES	Commuted sums grounds maintenance	383	Annual call on reserve to cover additional grounds maintenance costs of new public open spaces, as built into the approved revenue budget
ES	Arboretum Park HLF reserve	584	Planned use up to 2014 as built into the approved budget.
R&C	Museums purchasing funds	39	Held against the Military Gallery development
ES	Hackney Carriage Licensing Reserve	86	Surplus on fees required to be set on cost recovery basis only - ringfenced for Taxi Licensing and use requires recommendation of Taxi Licensing and Appeals committee
R	Derbyshire e-Government Partnership	21	Partnership funds held for e-Government developments
R&C	Westfield reserve	182	To fund staff time on work associated with the Development - included in budget plans for 2007/8 to 2009/10
R&C	Building control trading account	80	
		3,813	

SERVICE REVENUE EARMARKED RESERVES AS AT 31 MARCH 2007

Dept Key	Reserve	Balance 31 March 2007 £000	Purpose of Reserve
	Earmarked for service specific use - as previously approved by Cabinet		
R	HCI employee contribution to unsupported borrowing	70	Arisen from timing difference between contributions and costs
R	Risk Management Reserve	48	To pump prime developments/Corporate governance
R	Treasury Management systems improvements reserve	51	To pump prime stratgey developments and reviews
R	Procurement Savings reserve	21	To pump prime developments
CAS-ASS	Adult Social Services - section 117 reserve	120	Drawn down as legal claims are finalised
CAS-Other	Schools condition surveys	176	Specific budget for programme of surveys over 3 years to 2007/8
CAS-Hsg	Housing 2005/6 commitment carried forward - Housing Market needs assessment	22	Commitment to pay in 2007/8
R	Building on Excellence programme	91	Approved schemes commitments in 2007/8
			To smooth impact in Trading Account of annual cost of Rethink Rubbish capital funded from self-
ES	Environmental Services Unsupported Borrowing costs reserve	633	financing unsupported borrowing
R&C	Library management system	87	As approved by September 2006 Cabinet
R&C	County structure plan reserve	194	Committed against the Local Development Framework
R&C	Incubator centre contingency reserve	135	Required to offset extenal funding reduction
		1,648	
	Updated use proposed requiring Cabinet approval		
CYP	Individual School Budgets general provision	216	To earmark for Building Schools for the Future - schools contribution
CYP	Grant Maintained Schools debt	9	Transfer to corporate Treasury Management reserve
			To be reviewed later in year after assessment of Primary school need. If not required will be
CYP	School Improvement	63	transferred to BSF - schools contribution
			Proposal to reduce by £74k - milder winters have reduced need. £74k to transfer to Highways
R&C	Highways winter maintenance reserve	81	maintenance contract reserve. This will only leave £7k in reserves against the risk of a bad winter
ES	Derby college synthetic pitch	65	Hold towards future pitch replacement as per agreement with Derby College
R&C	Revenue support bus service	33	Use towards £55k pump priming fund repayment required for the Jayex signboard advance
			New budget risk reserve 2006/7 following review and subsequent reduction of Housing Benefit
R	Housing Benefit payments reserve	400	subsidy and overpayments provisions in line with proper accounting practice
		867	
	Ringfenced for service specific use - requiring future Cabinet approval of action plan		
R&C	Development Control action plan	565	
R7C	Concessionary Fares	452	
		1,017	
	Available for transfer to Corporate Unallocated Reserve		
CAS-Other	Liquor Licensing	200	
R&C	2003/4 Public concern balance	31	
R	VAT.Tax advice reserve	80	
R	VAT reimbursement - cultural diversity	6	
R	Internal audit VER no longer required	7	
		324	
	TOTAL REVENUE SERVICE EARMARKED RESERVES	16,393	

Department Key

R	Resources
CAS	Corporate Adult Services
CYP	Children and Young People
ES	Environmental Services
R&C	Regeneration and Community

Housing Revenue Account Outturn 2006/7 – Summary of main variances

The outturn position for 2006/2007 is a cumulative surplus of £14.385 million an increase of £2.957 million, this exceeds the budget plan by £1.392m. The table below shows the variations at outturn.

Estimated Surplus in 2006/07 - February 2007 HRA Business Plan	(1,565)
Variations at outturn:	
Increased rent/service charges	(764)
Reduced Housing Subsidy	40
Derby Homes Management Fee	92
Derby Homes Furniture and Equipment Use of Previous Years Reserve – drawdown of previous years	201
Derby Homes Management Fee - SP Transitional Support	(49)
Derby Homes Incentive Scheme	(24)
Reduced Provision for Bad Debts	(624)
Increased HRA investment income	(173)
Write Back Housing Subsidy Provisions	(207)
RCCO - Use of remaining SP Windfall	109
Other Minor Variances	7
NET SURPLUS 2006/07	(2,957)
Total reserves B/fwd from 2005/06	(11,428)
Total Reserves 31 March 2007	(14,385)
Of which:	
Derby Homes Management Fee Reserve	(497)
Derby Homes Depreciation Reserve	(282)
Supporting People Reserve	(546)
White Goods Reserve	(171)
General reserve Including Contingency	(12,889)
Total Reserves 31 March 2007	(14,385)

Project	Lead	Amount	Brief details	Outcomes /Indicators/Targets
Carry forwards proposed within budget headings (ie to support continued activity)				
Teenage Pregnancy	Teenage Pregnancy Partnership Board	£20,000	<p>Delay in appointing external consultant through tendering process, work starts March 07 (previously agreed by CYP exec for 06/07 expenditure). This work is now in hand.</p> <p>Providing targeted support for LAC. PCT previously agreed to deliver but have lacked capacity.</p> <p>Reprint Derby sexual health directory</p>	<p>Reduction in under 18 conception rate</p> <p>Decrease in teenage parents not in education, employment or training.</p> <p>APA / JAR area of focus</p>
Teenage Pregnancy - work with boys and young men	CYP / Teenage Pregnancy Partnership Board	£20,000	Mainstreaming activity previously supported by grant. Derby PCT are funding £20k, total project costs £40k	<p>Reduction in under 18 conception rate</p> <p>APA / JAR area of focus</p>
Sure Start Local Programmes	CYP Sure Start Local Programmes	£140,000	To subsidise Neighbourhood Nurseries due to under-occupancy. Derby City Council has funded this to the extent of £170k from mainstream budget, this additional allocation is to provide a subsidy for the full 07/08 financial year whilst a review is undertaken.	<p>To provide safe environments for children and young people</p> <p>To improve the health of children and young people</p>
Childcare Audit	CYP Early Years and Childcare	£28,300	Comprehensive audit of childcare including needs analysis to support LA new legal responsibility under the childcare act.	To provide safe environments for children and young people
Children's Centres	CYP Early Years and Childcare	£40,000	To subsidise the 0-3 provision in existing Children's Centres	<p>To provide safe environments for children and young people</p> <p>To improve the health of</p>

LAA Carryforwards to 2007/8

Appendix 7

Project	Lead	Amount	Brief details	Outcomes /Indicators/Targets
				children and young people
Area one ICS	CYP	£63,000	To continue the funding for the area one manager from the LAA	All CYP block indicators in relation to Area 1
New Programmes and / or continuation of funding where current funding has creased. (ie virement across budget headings in support of LAA indicators)				
Fostering and Adoption	CYP Fostering and Adoption	£36,400	To replace LPSA funding. The total LPSA spend was £36,400. This has been used to fund staff with permanent contracts.	To maintain our top band performance on PAF Indicator C23, in 07/08 that will equate to sustaining 9%+ of CLA successfully adopted.
CAHMS Enhanced Care project at Moorfields	CAHMS	£70,000	CAHMS grant is being used to fund the project until the end of August, LAA funding is required to continue funding for the remainder of 07/08.	APA / JAR priority. Improve CAMHS services / reduce waiting times for CLA who require this.
T16 NEET Reduction Year 11 Programme	CYP Youth Service	£28,000	Funding finishes in June 07 after 3 years of the T 16 Programme. Funding required to pay for part time tutors, co-ordinator costs and curriculum resources.	<p>Better opportunities and outcomes for families and young people in the 14 -19 phase of education.</p> <ul style="list-style-type: none"> • Decrease in % of 16-18 yr olds, including teenage parents, not in education, employment or training

Project	Lead	Amount	Brief details	Outcomes /Indicators/Targets
Darley Barn	CYP Youth Service	£13,000	<p>There is very limited financial capacity in the project at present to provide flexibility to test out and market the curriculum packages.</p> <p>This is seen as an essential stage in the development of the centre, particularly as the Steering Group are seeking various avenues of funding to ensure the project targets children and young people most in need, through subsidised provision.</p> <p>In addition, the Capital Build Programme for the centre has incurred additional costs which have resulted in money originally set aside for furniture and equipment being utilised to finish the building programme within the agreed capital budget.</p>	<p>A good start and continuing support to children's education and development</p> <ul style="list-style-type: none"> The number of schools involved in delivering the core offer for the extended schools strategy to provide a wide range of sporting, cultural and leisure activities for local people and to raise achievement

Project	Lead	Amount	Brief details	Outcomes /Indicators/Targets
Area 1 Staff Development and Training	CYP ICS Area 1 Pilot	£15,000	<p>Evidence provided by the Targeted Youth Support Pathfinder and the Area 1 Manager, supports the need for a planned programme of staff and team development, to enhance the delivery of frontline services.</p> <p>The timing of this request is opportune, given that all the Area 1 teams are likely to be co-located by April 2008.</p> <p>The initial 2-day Senior Management Development Course and the Area 1 Launch provide Area 1 staff with some time to consider their new roles, to understand the nature of the change process they would be going through, and explain their aspirations for integrated frontline delivery.</p>	All CYP block indicators in relation to Area 1
IKHLAS foundation Saturday and Sunday Schools	CYP Youth Service	£8,000	<p>The Ikhlas Saturday and Sunday Schools are held throughout the academic year at the Madeley Centre, to support, in particular, targeted Year 7 and 8 pupils of Pakistani origin, who require additional assistance to improve their Key Stage 3 performance in Maths and English.</p> <p>The project requires £8,000 to provide teaching support, other costs are met through the Pakistani Youth Development Project and the Youth Service's core budget.</p>	<p>Improved attainment at KS1, 2 and 3 with particular focus on pupils in the bottom quartile</p> <ul style="list-style-type: none"> • % achieving level 5 and above in English at the end of KS3 • % achieving level 5 and above in maths at the end of KS3

Project	Lead	Amount	Brief details	Outcomes /Indicators/Targets
Youth Service and Connexions	CYP Youth Service and Connexions	£16,000	<p>0.5 Personal Advisor Post</p> <p>Following the recent approval of the City Council's 2007/08 Budget settlement, the Youth Service were required to remove funding for a 0.5 Personal Advisor Post.</p> <p>For the past 5 years the Youth Service, through the original Derbyshire Connexions Partnership agreement, had provided this post to add to the P.A. capacity of the existing Derbyshire Connexions Service within Derby.</p> <p>During this period the post has been primarily targeted at providing additional support to young people aged 16 to 18 who were NEET.</p>	<p>Better opportunities and outcomes for families and young people in the 14 -19 phase of education.</p> <p>Decrease in % of 16-18 yr olds, including teenage parents, not in education, employment or training</p>
Integration contingency	CYP Services (Youth)	£35,000	The Council's budget assumes £35k savings through efficiencies arising from integration. This savings is allocated to the Youth Service for accounting purposes. This amount would be a contingency should that saving not be possible to achieve in the early stages of integration.	
Area One	CYP ICS Area 1 Pilot	£60,000	Costs of administration and accommodation	All CYP block indicators in relation to Area 1
TOTAL		£592,700		