

# Corporate Issues Overview and Scrutiny Committee

10 October 2016

## Resources – Revenue and Capital Outturn 2015/16



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### Report of Corporate Director Resources

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#### Purpose of the Report

1. To provide details of the outturn budget position for the Resources service grouping highlighting major variances in comparison with the budget based on the outturn position at the end of March 2016.

#### Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets were subsequently revised in year to account for grant additions/reductions, corporate savings/adjustments, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:
  - *Revenue Budget - £17.846 million (original £15.855 million)*
  - *Capital Programme – £11.616 million (original £13.422 million)*
3. The original Resources General Fund budget was revised in year to incorporate a number of budget adjustments as follows:
  - Funding for HR Recruitment Function from CAS +£9,000
  - ICT costs funded from New Burdens CAS grant +£20,000
  - Transfer to Corporate Contingency - Energy Costs -£1,000
  - Transfer from Corporate Contingency – Carbon Reduction Commitment +£16,000
  - Direct Revenue funding of ICT Capital Investment in year -£270,000
  - Transfer of Tribal Software from CAS +£50,000
  - Transfer of Adults Financial Services Team +£1,347,000
  - Corporate Saving – Car Allowances +£45,000
  - Contribution from MTFP ER/VR Reserve +£676,000
  - Net contribution to/from specific reserves used to support service expenditure +£137,000
  - Transfer from Neighbourhoods – Depot Storage +£6,000
  - Transfer to ACE – Performance Function -£28,000
  - Adjustment to Marriage License Income -£25,000
  - Adjustment for Irrecoverable VAT +£9,000

The revised General Fund Budget now stands at £17.846 million. This was fixed at Quarter 3.

4. The summary financial statements contained in the report cover the financial year 2015/16 and show: -
- The approved annual budget;
  - The actual income and expenditure as recorded in the Council's financial management system;
  - The variance between the annual budget and the forecast outturn;
  - For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

## Revenue

5. The service is reporting a cash limit variance (underspend) of **£1.419 million** against a revised budget of **£17.846 million**. This compares with an underspend of £1.442 million that was reported at Quarter 3.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

### Subjective Analysis (£000's)

Category	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Employees	41,675	42,222	547	(1,374)	(827)
Premises	5,788	8,746	2,958	(2,988)	(30)
Transport	1,049	783	(266)	(1)	(267)
Supplies and Services	15,941	16,127	186	210	396
Transfer Payments	0	0	0	0	0
Third Party Payments	19	7	(12)	0	(12)
Central Support and Capital	10,066	22,262	12,196	(12,181)	15
<b>Gross Expenditure</b>	<b>74,538</b>	<b>90,147</b>	<b>15,609</b>	<b>(16,334)</b>	<b>(725)</b>
<b>Income</b>	<b>(56,433)</b>	<b>(74,723)</b>	<b>(18,290)</b>	<b>17,596</b>	<b>(694)</b>
<b>Net Expenditure</b>	<b>18,105</b>	<b>15,424</b>	<b>(2,681)</b>	<b>1,262</b>	<b>(1,419)</b>
HB Transfer payments	190,359	178,278	(12,081)	12,081	0
HB Central Support/Capital	400	487	87	(87)	0
HB Income	(191,017)	(178,767)	12,249	(12,249)	0
<b>HB Net Expenditure</b>	<b>(258)</b>	<b>(2)</b>	<b>256</b>	<b>(256)</b>	<b>0</b>
<b>Total Net Expenditure</b>	<b>17,847</b>	<b>15,422</b>	<b>(2,425)</b>	<b>1,006</b>	<b>(1,419)</b>

### By Head of Service (£000's)

Category	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Central Estab.Recharges	(15,442)	(25,414)	(9,972)	9,919	(53)
Corporate Finance	2,404	2,858	454	(592)	(138)
Financial Services	9,496	12,860	3,364	(3,716)	(352)
Human Resources	2,704	2,629	(75)	46	(29)
I.C.T. Services	9,595	11,021	1,426	(1,503)	(77)
Internal Audit and Insurance	1,429	1,390	(39)	(113)	(152)
Legal & Dem.Services	7,654	9,871	2,217	(2,795)	(578)
Management/ Performance	265	209	(56)	16	(40)
<b>Net Expenditure Excl HB</b>	<b>18,105</b>	<b>15,424</b>	<b>(2,681)</b>	<b>1,262</b>	<b>(1,419)</b>
Housing Benefit	(258)	(2)	256	(256)	0
<b>NET EXPENDITURE</b>	<b>17,847</b>	<b>15,422</b>	<b>(2,425)</b>	<b>1,006</b>	<b>(1,419)</b>

7. The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
Central Establishment Recharges	Central Establishment Recharges	No variance	-	-
Corporate Finance	Management	£50,000 underbudget against employees £5,000 underbudget on supplies and services	(55)	(138)
	Financial Systems	£67,000 underbudget on pay as a result of holding a vacancy £5,000 over budget on supplies and services	(62)	
	Procurement	£8,000 underbudget on employees due to restructure £1,000 overbudget on transport £17,000 underbudget on supplies and services £45,000 overachieved Income	(69)	
	Pensions	£18,000 overbudget on employees (for agency staff) £9,000 overbudget on supplies	27	
	Strategic Finance	£7,000 overbudget on employees £56,000 overbudget on supplies and services- additional VAT advice £42,000 overachieved income	21	
Financial Services	Management	£105,000 managed underbudget for employees and £6,000 on supplies, reflecting early achievement of 2016/17 MTFP savings	(111)	(7)
	Operations & Data	£20,000 underbudget on employees £22,000 overbudget on staff travel (disturbance) £20,000 overbudget on supplies and services £29,000 overachieved income	(7)	

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
	Financial Support & Assessments (CAS)	£63,000 managed underbudget for employees £14,000 underbudget on transport £44,000 over budget on supplies and services £74,000 over recovery of income	(107)	(405)
	Financial Management	£52,000 underbudget on employees due to early MTFP savings £3,000 underbudget on transport £10,000 underbudget on supplies and services £74,000 over recovery of SLA income	(139)	
	Revenues and Benefits	£135,000 underbudget on employees. £124,000 underbudget on transport. £310,000 overbudget on supplies and services. £92,000 over recovery of income.	(41)	
Human Resources	Occupational Health	£6,000 overbudget on employees £1,000 overbudget on transport £19,000 underbudget on supplies and services £11,000 underbudget on transfer payments £40,000 overachieved income	(63)	(29)
	Health and Safety	£4,000 underbudget on employees £8,000 overbudget on transport £4,000 overbudget on supplies and services £4,000k overachieved income	(33)	
	Human Resources	£32,000 underbudget on employees £4,000 overbudget on Supplies and Services £30,000 underachieved income £65,000 transferred to the HR Reserve.	67	
ICT	ICT Services	£137,000 underbudget on transport £40,000 underbudget on supplies and services £102,000 underachieved income	(77)	(77)
Internal Audit and Risk	Insurance and Risk	£7,000 overbudget on employees (fully staffed) £2,000 overbudget on supplies and services £14,000 over recovery in income	(5)	(152)
	Internal Audit	£83,000 underbudget on employees through close management and control of vacancies £3,000 underbudget on staff mileage £10,000 underbudget on supplies and services £43,000 over recovery of income	(139)	
	Corporate Fraud	£6,000 underbudget on employees £4,000 underbudget on staff travel £5,000 overbudget on supplies and services £3,000 unbudgeted income	(8)	
Legal and Democratic Services	Corporate and Democratic Core	£49,000 underbudget on employees £18,000 underbudget on transport £127,000 underbudget on supplies and services £6,000 over achieved income	(200)	(578)
	Legal Services	£220,000 underbudget on employees due to restructure on 1st July to achieve MTFP savings £28,000 underbudget on premises £3,000 overbudget on transport £20,000 overbudget on supplies and services £153,000 overachieved income	(378)	
Service Management	Service Management	Unbudgeted income from SLA with Northumberland for HR support	(40)	(40)
<b>TOTAL</b>				<b>(1,419)</b>

8. The final outturn position was £23,000 more overbudget than the forecast prepared at Quarter 3 and reported to Cabinet in March. The £1.419 million under budget will be carried forward under the 'cash limit' regime.

### Capital Programme

9. The Resources capital programme comprises 21 schemes, 19 of which are managed within ICT.
10. The original Resources capital programme was £13.422 million and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £11.616 million
11. Summary financial performance to the end of March 2016 is shown below.

Service	Original Annual Budget 2015/16 £'000	Final Budget 2015/16 £'000	Actual Spend to 31 March 2016 £'000	Spend %
ICT	13,257	11,406	9,210	81
Legal and Democratic	100	40	40	100
Financial Services	0	0	15	-
Corporate Finance	65	170	120	71
<b>Total</b>	<b>13,422</b>	<b>11,616</b>	<b>9,385</b>	<b>81</b>

12. The final Resources capital budget is £11.616 million, with total expenditure in 2015/16 of £9.385 million (81%). A full breakdown of schemes and actual expenditure to March 2016 is given in Appendix 2. The remainder of the capital budget will be reprofiled into 2016/17.

### Recommendations:

12. Corporate Issues Overview and Scrutiny Committee is requested to note the contents of this report.

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## **Appendix 1: Implications**

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### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position.

### **Staffing**

None.

### **Risk**

None.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Accommodation**

None.

### **Crime and disorder**

None.

### **Human rights**

None.

### **Consultation**

None.

### **Procurement**

None.

### **Disability Issues**

None.

### **Legal Implications**

None.

## Appendix 2: Resources Capital Programme 2015/16

	Revised Annual Budget 2015/16	Final Outturn	
		Actual Spend	Spend %
Big Data	20,000	800	4
Business Continuity	-	(7,450)	-
Councillor Replacement of ICT Equipment	3,856	1,907	49
Dark Fibre Installations and Circuit/Microwave Upgrades	450,524	435,087	97
Desktop Mailing	66,811	62,895	94
Desktop Replacement	1,004,292	978,344	97
Digital Durham	8,761,200	7,274,409	83
Forensic investigation hard & software replace	25,000	-	0
Homeworking	120,000	138,032	115
ICT Mobile/Field Workforce System	80,000	-	0
Infrastructure Environment Monitoring	73,894	(1)	0
Ongoing Server Replacement	200,956	154,662	77
Payment Card Industry (PCI) Code of Compliance	10,000	-	0
SharePoint Upgrade	50,000	-	0
Tanfield Datacentre Core Switching Replacement	63,790	27,837	44
Tanfield Datacentre LAN Switching Replacement	265,427	57,597	22
Telephony and Telephony Replacement	-	(300)	-
Upgrade of ISP Provision	85,000	-	0
Wireless Network Replacement	125,000	86,537	69
<b>ICT Services Total</b>	<b>11,405,750</b>	<b>9,210,356</b>	<b>81</b>
RES Electronic Voting Equipment	40,000	40,000	100
<b>Legal and Democratic Total</b>	<b>40,000</b>	<b>40,000</b>	<b>100</b>
Migration of HR/Payroll Functionality	-	14,634	-
<b>Financial Services Total</b>	<b>-</b>	<b>14,634</b>	<b>-</b>
Civica Pension Fund Administration System	170,150	120,237	71
<b>Corporate Finance Total</b>	<b>170,150</b>	<b>120,237</b>	<b>71</b>
<b>GRAND TOTAL</b>	<b>11,615,900</b>	<b>9,385,227</b>	<b>81</b>