

Corporate Issues Overview and Scrutiny Committee

10 October 2016

Resources – Quarter 1 June 2016: Forecast of Revenue and Capital Outturn 2016/17



Report of Corporate Director Resources

Purpose of the Report

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

Background

2. County Council approved the Revenue and Capital budgets for 2016/17 at its meeting on 24 February 2016. These budgets have subsequently been revised 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 - £16.514 million (original £16.282 million)*
 - *Capital Programme – £12.217 million (original £11.868 million)*
3. The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:
 - APT & C 2016/17 Pay Award from Contingency +£368,000
 - Local Council Tax Admin Grant -£46,000
 - Budget transfer to ACE - inspire people -£95,000
 - Transport adjustment +£5,000

The revised General Fund Budget now stands at £16.514 million.

4. The summary financial statements contained in the report cover the financial year 2016/17 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.

5. The service is reporting a cash limit variance (underspend) of **£0.913 million** against a revised budget of **£16.514 million**.
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	Full Year Current Budget	Year To Date - Actual	Forecast Outturn	Variance	Total Items Outside Cash Limit	Cash Limit Variance
Employees	41,489	12,883	40,781	(708)	(265)	(973)
Premises	6,209	55	6,197	(12)	0	(12)
Transport	713	121	691	(21)	0	(21)
Supplies and Services	15,944	6,229	16,904	961	(410)	551
Transfer Payments	0	0	0	0	0	0
Third Party Payments	19	(41)	19	0	0	0
Central Support and Capital	9,975	22	9,977	1	0	1
Gross Expenditure	74,349	19,269	74,569	221	(675)	(454)
Income	(57,577)	(11,568)	(57,978)	(402)	(57)	(459)
Net Expenditure	16,772	7,701	16,591	(181)	(732)	(913)
HB Transfer payments	173,100	54,981	173,100	0	0	0
HB Central Support and Capital	400	0	400	0	0	0
HB Income	(173,758)	(790)	(173,758)	0	0	0
HB Net Expenditure	(258)	54,191	(258)	0	0	0
Total Net Expenditure	16,514	61,892	16,333	(181)	(732)	(913)

By Head of Service (£000's)

Category	Full Year Current Budget	Year To Date - Actual	Forecast Outturn	Variance	Total Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(16,471)	0	(16,471)	0	0	0
Corporate Finance	4,540	1,746	4,916	375	(412)	(37)
Financial Services	10,608	1,639	10,209	(398)	(2)	(400)
I.C.T. Services	9,412	1,849	9,704	293	(318)	(25)
Internal Audit and Insurance	1,231	305	1,159	(73)	0	(73)
Legal & Democratic Services	7,292	2,105	6,917	(375)	0	(375)
Service Management	160	57	157	(3)	0	(3)
Net Expenditure Excluding HB	16,772	7,701	16,591	(181)	(732)	(913)
Housing Benefit	(258)	54,191	(258)	0	0	0
Net Expenditure	16,514	61,892	16,333	(181)	(732)	(913)

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		0	0
Corporate Finance	Management	£33k underbudget on employees £5k underbudget on supplies	(38)	(37)
	Financial Systems	£44k underbudget on employees from managing vacancies	(44)	
	Procurement	£16k overbudget on employees (3% staff turnover not met) £9k underbudget on supplies £13k overachieved income	(6)	
	Pensions	£39k overbudget on employees(3% Staff turnover not met & temporary arrangements) £8k overbudget on supplies £47k overachieved income	0	
	Strategic Finance	£14k overbudget on employees(3% Staff turnover savings not met) £12k overbudget on supplies (professional fees) £7k overachieved income from Police SLA	19	
	Occupational Health	£9k overbudget on employees (3% staff turnover not met) £2k overbudget on supplies and services £4k underachieved income	15	
	Health and Safety	£7k underbudget on employees from management of vacancies £2k overachieved income	(9)	
	Human Resources	£9k overbudget on employees £13k overbudget on supplies and services £4k underachieved income	26	
Financial Services	Management	£72 underbudget on employees	(72)	
	Operations & Data	£20k overbudget on employees (3% staff turnover savings not met) £31k overbudget on car allowances (Disturbance) £19k overbudget on supplies and services relating to printing and postages £14k additional SLA income	56	
	Financial Assessments (CAS)	£12k overbudget on supplies and services £4k over achieved income	8	
	Financial Management	£50k overbudget on employees (3% Staff turnover savings not met) £10k underbudget on supplies and services £143k additional SLA Income	(103)	

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
	Revenues and Benefits	£601k underbudget on employees from managing vacancies in advance of restructure £42k underbudget on transport £142k overbudget on supplies and services mainly due to postages, printing and telephones £350k overbudget on agency (packages) costs £138k additional grant income	(289)	(400)
ICT	ICT Services	£94k underbudget on employees £4k underbudget on premises £8k underbudget on transport £141k overbudget on supplies and services £60k overachieved income	(25)	(25)
Internal Audit and Risk	Insurance and Risk	£7k overbudget on employees (3% staff turnover savings not met)	7	(73)
	Internal Audit	£77k underbudget on employees through close management and control of vacancies £10k overachieved income from schools SLA	(87)	
	Corporate Fraud	£7k overbudget on employees (3% staff turnover savings not met)	7	
Legal and Democratic Services	Corporate and Democratic Core	£202k underbudget on employees from vacancies and future MTFP savings £8k underbudget on premises £9k underbudget on transport £31k underbudget on supplies and services £66k overachieved income from Electoral Registration Grant	(316)	(375)
	Legal Services	£12k underbudget on employees £7k overbudget on transport £93k underbudget on supplies and services identified as future years MTFP savings £39k underachieved income	(59)	
Service Management	Service Management	No material variances	(3)	(3)
Benefits Payments and Subsidy	Benefits			0
TOTAL				(913)

7. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the net MTFP savings required in 2016/17 which amount to £1.493 Million and early achievement of a number of MTFP savings in 2017/18.

Capital Programme

8. The Resources capital programme currently comprises 21 schemes, 19 of which are managed within ICT.
9. The original Resources capital programme was £11.868 million and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £12.217 million

10. Summary financial performance to the end of June 2016 is shown below.

	Original Annual Budget 2016/17	Revised Annual Budget 2016/17	Profiled Budget 2016/17	Actual Spend 30/06/16	Remaining Budget 2016/17
	£000	£000	£000	£000	£000
ICT Services Include Design and Print	11,162	11,511	1,211	679	10,832
Legal and Democratic	60	60	6	-	60
RES - Financing Resources	646	646	5	59	587
Total	11,868	12,217	1,222	738	11,479

11. The revised Resources capital budget is £12.217 million with a total expenditure to 30 June 2016 of £0.738 million (6%). The profiled budget for this period is £1.222 million, therefore spend is below profiled / expected spend in the year to date. A full breakdown of schemes and actual expenditure to 30 June 2016 is given in **Appendix 2**.

12. At year end the actual outturn performance will be compared against the revised budgets and at that time service and project managers will need to account for any budget variance.

Recommendations:

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

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Appendix 1: Implications

Finance

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

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 2016/17

	Revised Annual Budget 2016/17 £000	Profiled Budget 2016/17 £000	Actual Spend 30/06/16 £000	Remaining Budget 2016/17 £000
Archiving of obsolete systems based on non-supported hardware.	200	20	-	200
Big Data	149	15	-	149
Broadband / Digital Durham	7,703	770	355	7,348
Code of Connection Compliance	20	2	-	20
Corporate Mail Fulfilment	4	-	-	4
Dark Fibre installations and Circuit/Microwave Upgrades	190	19	63	127
Email Upgrade	155	16	-	155
Homeworking	62	6	2	60
Learning Gateway	74	7	-	74
Mobile Device Management	360	36	-	360
Ongoing Server replacement	201	20	-	201
Replacement of Desktop ICT Equipment	1,453	145	227	1,226
SharePoint Architecture	50	5	-	50
Tanfield Datacentre Core Switching Replacement	36	4	-	36
Tanfield Datacentre LAN Switching Replacement	408	41	23	385
Tanfield Power Upgrade	250	25	-	250
Applications and Development	25	3	-	25
Wireless Network Replacement	171	17	9	162
ICT Services Include Design and Print Total	11,511	1,151	679	10,832
RES Electronic Voting Equipment	60	6	-	60
Legal and Democratic Total	60	6	-	60
Migration of HR/Payroll functionality	596	60	85	511
Civica Pension Fund Administration System	50	5	(26)	76
RES - Financing Resources Total	646	65	59	587
Grand Totals	12,217	1,222	738	11,479