

**Corporate Overview and Scrutiny
Management Board**

18 March 2019



**Resources – Quarter 3 December 2018:
Forecast of Revenue and Capital
Outturn 2018/19**

Report of John Hewitt, Corporate Director Resources

Electoral division(s) affected:

Countywide

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 December 2018.

Executive summary

- 2 The updated position shows that the service is forecasting a cash limit variance (underspend) of £420,000 against a revised budget of £15.838 million. This compares to the previously forecast position (at quarter 2) of a £271,000 underspend for the year.
- 3 The revised Resources capital budget is £5.036 million with a total expenditure to 31 December 2018 of £3.809 million (76%). The profiled budget for this period is £3.525 million, therefore spend is above profiled / expected spend in the year to date.

Recommendation

- 4 Corporate Overview and Scrutiny Management Board is recommended to note the content of this report.

Background

5 County Council approved the Revenue and Capital budgets for 2018/19 at its meeting on 21 February 2018. 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 - £15.838 million (original £15.635 million)*
- *Capital Programme - £5.036 million (original £6.989 million)*

6 The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

	<u>£000s</u>
• Transfer from Corporate – Additional Resource to Support Commercialisation and Workforce Development	109
• Transfer from CYPS – Additional post in CYPS Finance	31
• Transfer from RES-CAC – Budget Realignment	6
• Transfer to Corporate – MFD Saving	-4
• Transfer to Contingencies – Microsoft Licences	-224
• Contribution from MTFP ER/VR Reserve	59
• Contribution from Resources Cash Limit Reserve – Digital Durham	9
• Contribution from Microsoft Office 365 Reserve	36
• Contribution from ICT Reserve	74
• Contribution from CRM Reserve	12
• Contribution from Benefit Take-up Reserve	121
• Contribution from Welfare Reform New Burdens Grant Reserve	30
• Transfer from REAL - Leisureworks	59

- Contribution to Welfare Reforms New Burdens Grant Reserve -227
- Contribution from Human Resources Reserve 113

The revised General Fund Budget for Resources is £15.838 million.

- 7 The summary financial statements contained in the report cover the financial year 2018/19 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.
- 8 The service is reporting a cash limit variance (underspend) of £420,000 against a revised budget of £15.838 million.
- 9 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 (£000s)

	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3	Memo: Cash Limit Variance Qtr 2
Employees	45,231	33,141	44,672	(559)	(188)	(747)	(386)
Premises	4,954	202	4,948	(6)	0	(6)	(21)
Transport	624	423	590	(34)	0	(34)	(15)
Supplies and Services	15,455	12,062	15,990	535	(291)	244	(58)
Third Party Payments	40	50	41	1	0	1	0
Central Support and Capital	5,985	148	6,640	655	0	655	584

	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3	Memo: Cash Limit Variance Qtr 2
Gross Expenditure	72,289	46,026	72,881	592	(479)	113	(104)
Income	(56,450)	(16,929)	(56,983)	(533)	0	(533)	(375)
Net Expenditure	15,839	29,097	15,898	59	(479)	(420)	(271)
HB Transfer payments	174,733	113,149	166,577	(8,156)	0	(8,156)	(8,156)
HB Central Support and Capital	400	0	400	0	0	0	0
HB Income	(175,133)	(2,704)	(166,977)	8,156	0	8,156	8,156
HB Net Expenditure	0	110,445	0	0	0	0	0
Total Net Expenditure	15,839	139,542	15,898	59	(479)	(420)	(271)

By Head of Service (£000's)

	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3	Memo: Cash Limit Variance Qtr 2
Central Establishment Recharges	(24,215)	0	(24,215)	0	0	0	0
Corporate Finance & Commercial Services	3,523	3,539	3,450	(73)	(9)	(82)	(73)
Financial & Transactional Services	10,150	7,457	9,988	(162)	(71)	(233)	(114)
Digital & Customer Services	16,979	10,080	17,361	382	(351)	31	231

	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3	Memo: Cash Limit Variance Qtr 2
Internal Audit and Insurance	1,068	746	1,027	(41)	0	(41)	(7)
Legal & Democratic Services	7,439	5,856	7,323	(116)	(6)	(122)	(277)
Service Management / Central Charges	(653)	175	(642)	11	0	11	4
People & Talent Management	1,548	1,245	1,606	58	(42)	16	(35)
Net Expenditure Excluding HB	15,839	29,098	15,898	59	(479)	(420)	(271)
Housing Benefit	0	110,445	0	0	0	0	0
Net expenditure	15,839	139,543	15,898	59	(479)	(420)	(271)

- 10 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 £000s	Year End (under) / overbudget £000s
Central Establishment Recharges	Central Establishment Recharges	No material variance	0	0
Corporate Finance & Commercial Services	Management	£2,000 underbudget on employees £4,000 underbudget on supplies and services	(6)	
	Management Priority	No material variance	0	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
	Financial Systems	£76,000 underbudget on employees £4,000 underbudget on supplies and services	(80)	
	Procurement	£8,000 overbudget on employees £2,000 overbudget on supplies and services £5,000 overachieved in income	5	
	Pensions	£8,000 overbudget on employees. £8,000 overachieved on income	0	
	Strategic Finance	£3,000 underbudget on employees £18,000 overbudget on supplies and services £28,000 overachieved on income	(13)	
	Occupational Health	£6,000 overbudget on employees £3,000 overbudget on transport £3,000 underbudget on supplies and services £16,000 underachieved income	22	
	Health and Safety	£10,000 overbudget on employees £7,000 underbudget on Transport £3,000 underbudget on supplies and services £10,000 overachieved on income	(10)	
				(82)
People & Talent Management	People & Talent Management	£19,000 overbudget on employees. £5,000 underbudget on transport. £17,000 overbudget on supplies and services £15,000 overachieved on income	16	
				16

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Finance & Transactional Services	Management	No material variance	0	
	Operations & Data	£14,000 overbudget on employees £26,000 overbudget on transport £6,000 under on supplies and services £50,000 overbudget on Direct Revenue Funding of capital £2,000 overachieved income	82	
	Financial Management	£20,000 underbudget on employees £4,000 underbudget on supplies and services £83,000 overachieved on income	(131)	
	Revenues and Benefits	£300,000 underbudget on employees £18,000 underbudget on transport £252,000 overbudget on supplies and services (outsourced packages of work) £118,000 overachieved on income	(184)	
				(233)
Digital and Customer Services	Customer Services	£153,000 underbudget on employees £3,000 overbudget on premises £1,000 underbudget on transport £47,000 underbudget on supplies and services £30,000 underachieved on income	(166)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
	ICT Services	£295,000 underbudget on employees £11,000 underbudget on transport £30,000 underbudget on supplies and services £581,000 overbudget on central expenses, of which £560,000 is a contribution to capital schemes £48,000 overachieved income	197	31
Internal Audit and Risk	Insurance and Risk	£4,000 overbudget on employees £1,000 overbudget on supplies and services	5	(41)
	Internal Audit	£5,000 overbudget on employees £2,000 under on supplies and services	3	
	Corporate Fraud	£4,000 overbudget on supplies and services £22,000 overbudget on supplies and services £75,000 overachieved on income	(49)	
Legal and Democratic Services	Corporate and Democratic Core	£48,000 underbudget on employees £10,000 underbudget on transport £132,000 underbudget on supplies and services £14,000 overachieved income	(204)	
	Legal and Other Services	£85,000 overbudget on employees £10,000 underbudget on premises £9,000 underbudget on transport £183,000 overbudget on supplies and services	82	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£167,000 over achieved income		(122)
Service Management	Service Management	£11,000 overbudget on employees	11	11
Benefits Payments and Subsidy	Benefits		0	0
TOTAL				(420)

- 11 In summary, the service grouping is on track to maintain spending within its cash limit.

Capital Programme

- 12 The original Resources capital programme was £6.989 million and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £5.036 million.

- 13 Summary financial performance to the end of December 2018 is shown below:

	Original Annual Budget 2018/19	Revised Annual Budget 2018/19	Profiled Budget 2018/19	Actual Spend 31/12/2018	Remaining Budget
	£000	£000	£000	£000	£000
Digital & Customer Services	6,872	4,860	3,401	3,772	1,088
Corporate Finance & Commercial Services and Finance & Transactional Services	117	176	124	37	139
Total	6,989	5,036	3,525	3,809	1,227

- 14 The revised Resources capital budget is £5.036 million with a total expenditure to 31 December 2018 of £3.809 million (76%). The profiled budget for this period is £3.525 million, therefore spend is above profiled / expected spend in the year to date. A full breakdown of schemes and actual expenditure to 31 December 2018 is given in Appendix 2
- 15 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.

Background papers

- Cabinet Report (13 March 2019) – Forecast of Revenue and Capital Outturn 2018/19 – Period to 31 December 2018.
- Corporate Overview and Scrutiny Management Board (17 December 2018) – Resources Quarter 2 September 2018 : Forecast of Revenue and Capital Outturn 2018/19.

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

Not applicable.

Finance

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

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

Procurement

Not applicable.

Appendix 2: Resources Capital Programme 2018/19 – Detailed Monitoring Statement to 31 December 2018

Resources	Revised Annual Budget	Profiled Budget	Actual Spend	Remaining Budget
	2018/19	2018/19	31/12/18	2018/19
	£000	£000	£000	£000
Broadband / Digital Durham	2,031	1,421	1,576	455
Code of Connection Compliance	6	4	-	6
Dark Fibre installations and Circuit/Microwave Upgrades	29	20	6	23
Homeworking	87	61	54	33
ICT Business Continuity	490	343	473	17
Mobile Device Management	190	133	80	110
Ongoing Server replacement	269	188	264	5
Replacement of Desktop ICT Equipment	1,185	829	789	396
Conversion of Capita One Software to Tribal	0	0	6	(6)
Tanfield Datacentre LAN Switching Replacement	35	25	-	35
Archiving Of Obsolete Systems Based On Non Supported Hardware	326	228	325	1
Customer Relation Management System	57	40	59	(2)
Remote Access – Central Solution	155	109	140	15
Digital & Customer Services Total	4,860	3,401	3,772	1,088
Migration of HR/Payroll functionality	105	74	24	81
Civica Pension Fund Administration System	71	50	13	58
Corporate Finance & Commercial Services and Financial & Transactional Services Total	176	124	37	139
RES Total	5,036	3,525	3,809	1,227