

**Corporate Overview and Scrutiny
Management Board**

18 March 2019



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

Report of Corporate Directors

John Hewitt, Corporate Director of Resources

**Lorraine O'Donnell, Corporate Director of Transformation and
Partnerships**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn budget position for the Transformation and Partnerships (TAP) service grouping highlighting major variances in comparison with the budget based on the position to the end of December 2018.

Executive summary

- 2 The service is reporting a cash limit underspend of £98,000 against a revised budget of £12.190 million.
- 3 The revised TAP capital budget is £3.963 million with a total expenditure to 31 December 2018 of £1.008 million.

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, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the TAP service grouping:

- *TAP Revenue Budget - £12.190 million (original £11.944 million)*
- *TAP Capital Programme – £3.963 million (original £5.084 million)*

6 The original TAP budget has been revised to incorporate the following budget adjustments since the original budget was approved in February:

	£000s
Transfer into TAP from CYPS – Youth Work Support	139
Transfer from Cash Limit Reserve (TAP restructure)	188
Transfer to Youth Work Support Reserve	(139)
Use of MTFP Redundancy Reserve	34
Use of Syrian Resettlement Programme Reserve	36
Use of Transformation Challenge Grant Reserve	44
Transfer to Local Safeguarding Adults Board Reserve	(49)
Transfer from Community Led Local Development Reserve	115
Transfer from Community Reserve	23
Transfer to Inspire Reserve	(34)
Transfer to REAL	(3)
Transfer to Transformation Programme Reserve	(108)
TOTAL	246

The revised TAP revenue budget is £12.190 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 TAP 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.

Forecast Revenue Outturn 2018/19

8 The service is reporting a cash limit underspend of **£98,000** against a revised budget of **£12.190 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)

Subjective Analysis	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3
Employees	10,513	8,233	10,683	170	(42)	128
Premises	247	90	240	(7)	-	(7)
Transport	61	35	55	(6)	-	(6)
Supplies and Services	2,078	1,308	2,116	38	(166)	(128)
Agency and Contracted	140	-	140	-	-	-
Transfer Payments	1,443	1,498	2,062	619	(513)	106
Central Costs	2,345	154	2,388	43	-	43
GROSS EXPENDITURE	16,827	11,318	17,684	857	(721)	136
INCOME	(4,637)	(1,956)	(5,013)	(376)	142	(234)
NET EXPENDITURE	12,190	9,362	12,671	481	(579)	(98)

Analysis by Head of Service (£000s)

Head of Service	2018/19 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance Qtr 3
Partnership and Community Strategy	6,829	4,192	7,084	255	(307)	(52)
Communications and Transformation	1,123	1,812	1,179	56	(81)	(25)
	2,125	1,877	2,369	244	(300)	(56)
	2,113	1,481	2,039	(74)	109	35
NET EXPENDITURE	12,190	9,362	12,671	481	(579)	(98)

- 10 The table below provides a brief commentary on the variances against the revised budget, analysed by individual Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / Overspend £000s
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings PACE	£52,000 managed underspend, mostly on supplies and services plus additional income.	(52)
Strategy	Corporate Scrutiny & Strategy, Head of Strategy Service Management Research & Equalities Research & Intelligence	£25,000 managed underspend, mostly on employees and supplies and services.	(25)

Communications and Marketing	Communications & Marketing, Civil Contingencies Unit	£55,000 managed underspend, mostly on employees and supplies and services.	(55)
Transformation	Corporate Improvement Programme, Information Management, County Records	£35,000 managed overspend, mostly on employees.	35
TOTAL			(97)

- 11 In summary, the service grouping is forecast to maintain its spending in line with its cash limit this year. The forecast underspend of £98,000 takes into account the restructure of the former Assistant Chief Executives Service Grouping which was delayed following the unitisation of services into TAP. As a result the full effect of the savings won't be achieved in the current financial year. An amount of £198,000 has been drawn from the TAP Cash Limit Reserve to cover the shortfall.

Members Neighbourhoods Revenue Budget

- 12 Each elected member receives an annual allocation of £19,400; £5,400 (including £2,000 from the former Members' Initiatives Fund) revenue and £14,000 capital.
- 13 The revenue budget allocation for the current year is £680,000. Previous years unspent allocations totalling £746,000 are held in an earmarked reserve. At 31 December 2018, £882,000 of the total budget allocation of £1.426 million has been either spent or committed and it is expected that the remaining budget will be allocated during the remainder of the year.
- 14 There is a remaining balance of £4,246 held in an earmarked reserve in respect of the former Members Initiative Fund.

AAP Area Budgets

- 15 Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.

- 16 The revenue budget allocation for the current year is £1.064 million to develop projects to meet the agreed AAP priorities.
- 17 Previous years unspent allocations totalling £762,000 are held in an earmarked reserve. At 31 December, 2018 a total of £1.297 million has either been committed or spent and it is expected that the remaining £530,000 will be committed later in the year.

Capital Programme

- 18 The TAP capital programme comprises six main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital, Community Facilities in Crook, Community Facilities in Consett and Durham History Centre.
- 19 The TAP capital programme has been revised to take into account the 2017/18 outturn position, where unspent budget was transferred from 2017/18. The budget agreed at MOWG in December 2018 now stands at **£3.963m**.
- 20 Summary financial performance to the end of December is shown below:

Service	Original Annual Budget 2018/19 £000	Revised Annual Budget 2018/19 £000	Actual Spend to 31 December £000	Remaining Budget £000
Assets in the Community	1,012	221	77	144
Area Action Partnership	474	556	222	334
Members Neighbourhoods	3,044	3,041	625	2,416
Community Facilities Crook	7	0	0	0
Community Facilities Consett	200	20	20	0
Durham History Centre	200	42	17	25
AAP Initiatives	148	83	47	36
Total	5,085	3,963	1,008	2,955

- 21 Officers continue to carefully monitor capital expenditure on a monthly basis. £1.008 million of actual expenditure has been incurred to date. This is 25% of the total estimated spend in the year.

22 At year end the actual outturn performance will be compared against the revised budgets and 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) – Transformation and Partnerships 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.