

**Corporate Overview and Scrutiny
Management Board**

13 September 2019



**Transformation and Partnerships –
Quarter 1 June 2019: Forecast of
Revenue and Capital Outturn 2019/20**

Ordinary Decision

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 June 2019.

Executive summary

- 2 The service is reporting a cash limit overspend of £37,000 against a revised budget of £25.610 million.
- 3 The revised TAP capital budget is £2.744 million with a total expenditure to 30 June 2019 of £0.442 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 2019/20 at its meeting on 20 February 2019. 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 - £25.610 million (original £10.784 million)*
- *TAP Capital Programme – £2.744 million (original £3.050 million)*

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

	<u>£000's</u>
Transfer into TAP from other services – Business Support Review:	
From Resources	1,835
From Adult & Health Services	1,920
From Children & Young Persons Services	5,608
From REAL	5,463
 TOTAL	 <u>14,826</u>

The revised TAP revenue budget is £25.610 million.

7 The summary financial statements contained in the report cover the financial year 2019/20 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 2019/20

- 8 The service is reporting a cash limit overspend of **£37,000** against a revised budget of **£25.610 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	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Employees	27,127	6,474	26,366	(761)	862	101
Premises	370	42	373	3	-	3
Transport	158	31	145	(13)	14	1
Supplies and Services	2,835	587	2,666	(169)	113	(56)
Agency and Contracted	141	-	141	-	-	-
Transfer Payments	1,581	479	1,780	199	(152)	47
Central Costs	2,460	89	2,491	31	(31)	-
GROSS EXPENDITURE	34,672	7,702	33,962	(710)	806	96
INCOME	(9,062)	(1,743)	(9,207)	(145)	86	(59)
NET EXPENDITURE	25,610	5,959	24,755	(855)	892	37

Analysis by Head of Service (£000s)

Head of Service	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,684	796	6,731	47	(27)	20
Strategy	2,189	492	2,193	4	(43)	(39)
Communications and Marketing	1,966	559	2,061	95	(173)	(78)
Transformation	1,973	262	1,822	(151)	156	5
Business Support	15,483	3,821	14,463	(1,020)	1,020	-
Central	(2,685)	29	(2,515)	170	(41)	129
NET EXPENDITURE	25,610	5,959	24,755	(855)	892	37

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	Description	Forecast Year End (Under) / Overspend £000s
Partnership and Community Engagement (PACE)	£11k managed overspend on employees £2k overspend on premises £1k overspend on transport £6k managed overspend on supplies & services	20
Strategy	£34k managed underspend on employees £5k managed underspend on supplies & services	(39)
Communications and Marketing	£71k managed underspend on employees £1k managed underspend on transport £64k managed underspend on supplies & services £58k unachieved income	(78)
Transformation	£2k managed underspend on supplies & services £7k managed overspend on employees	5
Central	£89k overspend on employees £5k managed overspend on supplies & services £35k unachieved income	129
TOTAL		37

- 11 In summary, the service grouping is not forecast to maintain its spending in line with its cash limit this year. The forecast overspend of £37,000 is a managed position, reflecting the proactive management of activity by Heads of Service across TAP to try and remain within the cash limit. A full review of the budgets in TAP is scheduled to take place in the Autumn of 2019 to identify and deliver savings to address the ongoing budget pressures as well as TAP's share of the MTFP savings. It is fully expected that with more considered monitoring of budgets, and in particular the management of vacancies, that the small projected cash limit overspend will be addressed before the end of the financial year.

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 £0.680 million. Previous years unspent allocations totalling £0.552 million are held in an earmarked reserve. At 30 June 2019, £0.386 million of the total budget allocation of £1.232 million has been either spent or committed and it is expected that the remaining budget will be allocated during the remainder of the year.

AAP Area Budgets

- 14 Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.
- 15 The revenue budget allocation for the current year is £1.064 million to develop projects to meet the agreed AAP priorities.
- 16 Previous years unspent allocations totalling £0.733 million are held in an earmarked reserve. At 30 June a total of £0.653 million has either been committed or spent and it is expected that the remaining £1.144 million will be committed later in the year.

Capital Programme

- 17 The TAP capital programme comprises eleven schemes: Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital, Community Facilities in Crook, Community Facilities in Consett, Stanley Regeneration Works, Dipton Project Fund, Nevilles Cross Community Centre New Build, Witton Park Memorial Garden, Durham History Centre, and AAP Initiatives.

18 The TAP capital programme has been revised to take into account the 2018/19 outturn position, where unspent budget was transferred from 2018/19. The budget agreed at MOWG in June 2019 now stands at **£2.744m.**

19 Summary financial performance to the end of June is shown below:

Service	Original Annual Budget 2019/20 £000	Revised Annual Budget 2019/20 £000	Actual Spend to 30 June £000	Remaining Budget £000
Assets in the Community	1,055	854	94	760
Area Action Partnership	313	286	117	169
Members Neighbourhoods	876	828	192	636
Community Facilities Crook	7	7	0	7
Community Facilities Consett	175	175	28	147
Stanley Regeneration Works	-	2	-	2
Dipton Project Fund	-	1	-	1
Nevilles Cross Community Centre New Build	-	83	-	83
Witton Park Memorial Garden	-	21	7	14
Durham History Centre	525	485	4	481
AAP Initiatives	99	2	-	2
Total	3,050	2,744	442	2,302

20 Officers continue to carefully monitor capital expenditure on a monthly basis. £0.442 million of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year.

21 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

- County Council Report (20 February 2019) – Medium Term Financial Plan 2019/20 to 2022/23 and Revenue and capital Budget 2019/20.

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Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the council in February 2019 in relation to the 2019/20 financial year.

Finance

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

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 council's Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report.

