

**Corporate Overview and Scrutiny  
Management Board**

**13 September 2019**

**Transformation and Partnerships –  
Revenue and Capital Outturn 2018/19**

**Ordinary Decision**



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**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 final outturn position for the Transformation and Partnerships (TAP) service grouping, highlighting major variances in comparison with the budget based on the outturn position at the end of March 2019.

**Executive summary**

- 2 In 2018/19 the service achieved a cash limit variance (underspend) of £84,000 against a revised budget of £12.767 million. This compares to the previously forecast position (at quarter 3) of a £98,000 underspend for the year.
- 3 The TAP Cash Limit balance carried forward at 31 March 2019 is £0.272 million. Other earmarked reserves aligned to TAP Management Team totalled £6.663 million at 31 March 2019.
- 4 Capital expenditure incurred in 2018/19 was £1.320 million, representing 33% of the revised TAP capital budget of £3.963 million. A request was made to the Member Officer Working Group to carry forward the £2.643 million underspend to the current year to augment the 2019/20 Capital Programme.

## **Recommendation**

- 5 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2018/19 revenue and capital budgets and the year end position in terms of the TAP Cash Limit Reserve.

## Background

6 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 - £12.767 million (original £11.944 million)*
- *TAP Capital Programme – £3.963 million (original £5.084 million)*

7 The original TAP budget was revised in year to incorporate a number of budget adjustments actioned in quarters one to three as follows:

	<b>£000s</b>
Transfer into TAP from CYPs – Youth Work Support	139
Contribution from Cash Limit Reserve (TAP restructure)	198
Contribution to Youth Work Support Grant Reserve	(17)
Contribution from MTFP ER/VR Reserve	139
Contribution from Syrian Resettlement Programme Reserve	36
Contribution from Transformation Challenge Grant Reserve	44
Contribution to Local Safeguarding Adults Board Reserve	(66)
Contribution to Local Safeguarding Childrens Board Reserve	(42)
Contribution from Community Led Local Development Reserve	115
Contribution from Community Reserve	223
Contribution to Inspire Reserve	(34)
Transfer to REAL from TAP – DCC Cricket Box	(3)
Contribution to Transformation Programme Reserve	(230)
Contribution from Cash Limit Reserve (Durham County News)	29
Transfer from Corporate Contingencies – HPO Review	9
Contribution from Residents Research Reserve	19
Contribution from Promoting Durham Reserve	169
Contribution from My Future is Durham Reserve	53
Contribution from Modern Ways of Working Reserve	1
Contribution from AAP Reserve	6
Contribution from Social Isolation Reserve	35
<b>TOTAL</b>	<b>823</b>

The revised TAP revenue budget was £12.767 million.

8 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.

### Revenue Outturn 2018/19

9 The service is reporting a cash limit underspend of **£84,000** against a revised budget of **£12.767 million**.

10 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	Actual Outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Final Cash Limit Outturn Variance
Employees	10,553	10,789	236	(208)	<b>28</b>
Premises	247	298	51	(60)	<b>(9)</b>
Transport	61	44	(17)	6	<b>(11)</b>
Supplies and Services	2,244	1,787	(457)	468	<b>11</b>
Agency and Contracted	141	202	61	(60)	<b>1</b>
Transfer Payments	1,956	2,174	218	(110)	<b>108</b>
Central Costs	2,345	3,751	1,406	(1,399)	<b>7</b>
<b>GROSS EXPENDITURE</b>	<b>17,547</b>	<b>19,045</b>	<b>1,498</b>	<b>(1,363)</b>	<b>135</b>
<b>INCOME</b>	<b>(4,780)</b>	<b>(6,457)</b>	<b>(1,677)</b>	<b>1,458</b>	<b>(219)</b>
<b>NET EXPENDITURE</b>	<b>12,767</b>	<b>12,588</b>	<b>(179)</b>	<b>95</b>	<b>(84)</b>

## Analysis by Head of Service (£000s)

Head of Service	2018/19 Budget	Actual Outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Final Cash Limit Outturn Variance
Partnership & Community Engagement	7,136	7,877	741	(780)	<b>(39)</b>
Strategy	1,204	242	(962)	890	<b>(72)</b>
Communications Management	2,425	2,515	90	(129)	<b>(39)</b>
Transformation	2,002	1,954	(48)	114	<b>66</b>
<b>NET EXPENDITURE</b>	<b>12,767</b>	<b>12,588</b>	<b>(179)</b>	<b>95</b>	<b>(84)</b>

- 11 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	Year End (Under) / Overspend £000s
Partnership and Community Engagement (PACE)	£58k managed overspend on employees £1k overspend on transport £8k underspend on premises £24k underspend on supplies & services £106k managed overspend on donations £172k additional income.	<b>(39)</b>
Strategy	£51k managed underspend on employees £4k underspend on transport £5k managed underspend on supplies & services £12k additional income	<b>(72)</b>

Head of Service	Description	Year End (Under) / Overspend £000s
Communications Management	£89k managed underspend on employees £3k managed underspend on transport £16k managed overspend on supplies & services £37k unachieved income	<b>(39)</b>
Transformation	£52k managed overspend on employees £12k managed overspend on supplies & services £2k underachieved income	<b>66</b>
<b>TOTAL</b>		<b>(84)</b>

- 12 In summary, the service grouping has maintained its spending in line with its cash limit this year. The year-end underspend of £84,000 takes into account the restructure of the former Assistant Chief Executive's Service Grouping, which was delayed following the unitisation of services into TAP. As a result, the full effect of the savings were not achieved in the 2018/19 financial year. An amount of £0.198 million has been drawn from the TAP Cash Limit Reserve to cover the shortfall.

### **Members Neighbourhoods Revenue Budget**

- 13 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.
- 14 The revenue budget allocation for 2018/19 was £0.680 million. Previous years unspent allocations totalling £0.746 million are held in an earmarked reserve. At 31 March 2019, £0.982 million of the total budget allocation of £1.426 million has been either spent or committed. The remaining budget is held in an earmarked reserve.
- 15 There is a remaining balance of £4,245 held in an earmarked reserve in respect of the former Members' Initiative Fund.

### **AAP Area Budgets**

- 16 Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.
- 17 The revenue budget allocation for 2018/19 was £1.064 million.
- 18 Previous years unspent allocations totalling £0.762 million are held in an earmarked reserve. At 31 March, a total of £1.569 million has either been committed or spent. The remaining budget is held in an earmarked reserve.

### **Capital Programme**

- 19 The TAP capital programme comprised of 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.

- 20 The TAP capital programme was 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 stood at **£3.963m.**
- 21 Summary financial performance to the end of March 2019 is shown below:

<b>Service</b>	<b>Final Budget 2018/19</b>	<b>Actual Spend 2018/19</b>	<b>(Under) / Over Spend in Year</b>	<b>Actual Spend as a % of Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Assets in the Community	221	88	(133)	40
Area Action Partnership	556	305	(251)	55
Members Neighbourhoods	3,041	841	(2,200)	28
Community Facilities Crook	-	-	-	-
Community Facilities Consett	20	20	-	100
Durham History Centre	42	17	(25)	40
AAP Initiatives	83	49	(34)	59
<b>Total</b>	<b>3,963</b>	<b>1,320</b>	<b>(2,643)</b>	<b>33</b>

- 22 £1.320 million of actual expenditure has been incurred during 2018/19. This is 33% of the revised capital budget. The remaining capital budget has been reprofiled to 2019/20.

### **Background papers**

- Cabinet Report (13 March 2019) – Forecast of Revenue and Capital Outturn 2018/19 – Period to 31 December 2018.

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## **Appendix 1: Implications**

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### **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 actual spend against budgets agreed by the Council in February 2018 in relation to the 2018/19 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 Councils Corporate and Financial Governance arrangements.

### **Procurement**

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

