

Corporate Overview and Scrutiny Management Board

29 October 2020



Resources – Quarter 1 June 2020: Forecast of Revenue and Capital Outturn 2020/21

Ordinary Decision

Report of John Hewitt, Corporate Director Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast revenue and capital 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 2020.

Executive summary

- 2 The initial forecast position shows that the service is forecasting a cash limit variance (underspend) of £0.960 million against a revised budget of £25.728 million.
- 3 The revised Resources capital budget is £8.006 million for 2020/21, with a total expenditure to 30 June 2020 of £1.174 million (14.7%). The profiled budget for this period is £0.181 million, therefore expenditure is above profiled / expected spend in the year to date.
- 4 In arriving at the cash limit position, Covid-19 related expenditure of £3.012 million, offset by Covid-19 related savings of £0.302 million within Resources have been excluded from the forecasts. Covid-19 related costs are being treated corporately and offset by Government funding so far as is possible, though forecast net costs currently exceed the grant that has been made available.

Recommendation(s)

- 5 Corporate Overview and Scrutiny Management Board is recommended to note the forecast of outturn position.

Background

6 County Council approved the Revenue and Capital budgets for 2020/21 at its meeting on 26 February 2020. 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 - £25.728 million (original £25.705 million)
- Capital Programme - £8.006 million (original £8.206 million)

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

	<u>£,000s</u>
Transfer to NCC – Policy Officers	(71)
Transfer from CYPs (Ed) – Research Post	94
TOTAL	<hr/> 23 <hr/>

The revised General Fund Budget for Resources is £25.728 million

8 The summary financial statements contained in the report cover the financial year 2020/21 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.

9 The service is forecasting a cash limit variance (underspend) of £0.960 million against a revised budget of £25.728 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.

Type of Expenditure (Subjective Analysis) (£000's)

	2020/21 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Items Outside Cash Limit	COVID- 19 Outside Cash Limit	Cash Limit Variance
Employees	64,929	15,045	64,533	(396)	152	(15)	(259)
Premises	6,045	56	6,026	(19)	-	-	(19)
Transport	839	61	618	(221)	25	192	(4)
Supplies and Services	16,700	7,854	16,071	(629)	13	176	(440)
Third Party Payments	50	11	42	(8)	-	-	(8)
Central Support and Capital	25,045	5	25,067	22	-	-	22
Gross Expenditure	113,608	23,032	112,356	(1,251)	190	353	(708)
Income	(88,380)	(8,570)	(85,567)	2,812	(1)	(3,063)	(252)
Net Expenditure	25,228	14,462	26,789	1,561	(189)	(2,710)	(960)
HB Transfer payments	116,263	29,485	116,263	-	-	-	-
HB Central Support and Capital	300	-	300	-	-	-	-
HB Income	(116,063)	(373)	(116,063)	-	-	--	-
HB Net Expenditure	500	29,112	500	-	-	-	-
Total Net Exp	25,728	43,574	27,289	1,561	189	(2,710)	(960)

By Head of Service (£000's)

	2020/21 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(21,773)	-	(21,773)	0	-	-	0
Corporate Finance & Commercial Services	3,330	1,089	3,348	18	(8)	7	17
Financial & Transactional Services	10,066	700	10,684	618	(82)	(1,086)	(550)
Digital & Customer Services	16,670	4,956	17,286	616	83	(939)	(240)
Internal Audit and Insurance	1,042	247	973	(69)	1	3	(65)
Legal & Democratic Services	7,023	2,655	7,697	674	(37)	(680)	(43)
Service Management / Central Charges	(11,713)	270	(11,713)	0	-	-	0
People & Talent Management	2,225	312	2,174	(51)	(2)	(12)	(65)
Business Support	14,769	3,462	14,678	(91)	100	(9)	0
Transformation	1,899	292	1,777	(122)	88	2	(32)
Strategy	1,690	479	1,658	(32)	46	4	18
Net Expenditure Excluding HB	25,228	14,462	26,789	1,561	189	(2,710)	(960)
Housing Benefit	500	29,112	500	0	-	-	-
Net Expenditure	25,728	43,574	27,289	1,561	189	(2,710)	(960)

- 11 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 variances	0	0
Corporate Finance & Commercial Services	Management	No material variances	0	
	Financial Systems	£19,000 underbudget on employees. £11,000 overbudget on supplies & services.	(8)	
	Procurement	£30,000 overbudget on employees. £11,000 underbudget on supplies & Services. £14,000 additional income.	5	
	Pensions	No material variances.	0	
	Strategic Finance	£30,000 overbudget on employees.	30	
	Occupational Health	£11,000 overbudget on employees. £2,000 underbudget on transport. £50,000 underbudget on supplies & services £75,000 underachievement on income.	34	
	Health and Safety	£21,000 overbudget on employees. £7,000 underbudget on transport. £2,000 underbudget on supplies & services. £56,000 additional income.	(44)	
People & Talent Management	People & Talent Management	£96,000 underbudget on employees. £48,000 overbudget on supplies & services. £17,000 additional income.	(65)	(65)
Finance & Transactional Services	Management	No material variances.	0	
	Payroll & Employee Services	£7,000 underbudget on employees. £1,000 underbudget on supplies & services. £31,000 underachieved income.	23	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
	Financial Management	£37,000 overbudget on employees. £3,000 additional income.	34	
	Revenues and Benefits	£240,000 underbudget on employees. £44,000 underbudget on supplies & services. £8,000 underbudget on third party payments £315,000 additional income.	(607)	(550)
Digital and Customer Services	Digital and Customer Services	£109,000 underbudget on employees. £2,000 underbudget on transport £295,000 underbudget on supplies & services £21,000 overbudget on central expenses £145,000 underachieved income.	(240)	(240)
Internal Audit and Risk	Insurance and Risk	£5,000 overbudget on employees.	5	
	Internal Audit	£5,000 underbudget on employees. £5,000 underbudget on supplies & services. £26,000 additional income	(36)	
	Corporate Fraud	£8,000 overbudget on employees. £42,000 additional income.	(34)	(65)
Legal and Democratic Services	Corporate and Democratic Core	£39,000 underbudget on employees. £42,000 underbudget on supplies & services. £10,000 additional income.	(91)	
	Legal and Other Services	£61,000 overbudget on employees. £20,000 underbudget on premises. £44,000 underbudget on supplies & services. £51,000 underachieved on income.	48	(43)

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Service Management	Service Management	No significant variances	0	0
Strategy		£28,000 overbudget on employees. £10,000 underbudget on supplies & services	18	18
Transformation		£26,000 overbudget on employees. £9,000 overbudget on supplies & services. £67,000 additional income.	(32)	(32)
Business Support		No significant variances	0	0
Benefits Payments and Subsidy	Benefits	No material variances reported in quarter 1	0	0
TOTAL				(960)

- 12 In summary, the service grouping is on track to maintain spending within its cash limit.
- 13 The council has faced significant additional costs in relation to the Covid-19 outbreak and significant loss of income. In many areas the costs and loss of income for the first quarter are known. The likely impact over the remainder of the year however is much more uncertain. All additional costs and loss of income, net of Covid-19 related underspending, is being treated corporately and is therefore excluded from the cash limit.
- 14 The major areas of forecast additional cost and loss of income in respect of Resources are as follows:
- (a) £0.639 million lost income in respect of the Registration Service;
 - (b) £0.928 million shortfall in income in respect of court fees;
 - (c) £0.480 million lost income in respect of Design & Print Services;
 - (d) £0.342 million lost income in respect of traded ICT services;
 - (e) £0.100 million lost income in respect of the new In-House Enforcement Service;

- (f) £0.241 million additional ICT costs; and
 - (g) £0.112 additional costs in respect of Coroners Inquests.
- 15 The major areas of forecast Covid-19 related savings in respect of Resources are as follows:
- (a) £16,000 in respect of employee related costs;
 - (b) £196,000 in respect of vehicles and staff travelling;
 - (c) £57,000 in respect of Members' activities; and
 - (d) £19,000 in respect of office printing.

Capital Programme

- 16 The original Resources capital programme was £8.206 million, and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £8.006 million.
- 17 Summary financial performance to the end of June 2020 is shown below:

	Original Annual Budget 2020/21 £000	Revised Annual Budget 2020/21 £000	Profiled Budget 2020/21 £000	Actual Spend 30/06/2020 £000	Remaining Budget £000
Digital & Customer Services	7,124	6,924	172	1,121	5,803
Corporate Finance & Commercial Services and Finance & Transactional Services	82	82	9	(1)	83
Durham History Centre	1,000	1,000	0	54	946
Total	8,206	8,006	181	1,174	6,832

- 18 The revised Resources capital budget is £8.006 million with a total expenditure to 30 June 2020 of £1.174 million (14.7%). The profiled budget for this period is £0.181 million, therefore spend is above profiled / expected spend in the year to date. A full breakdown of

schemes and actual expenditure to 30 June 2020 is given in Appendix 2.

- 19 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

- County Council Report (26 February 2020) – Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2020/21.
- Cabinet Report (16 September 2020) - Forecast of Revenue and Capital Outturn – Period to 30 June 2020

Other useful documents

- None

Author(s)

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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 2020 in relation to the 2020/21 financial year.

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.

Climate Change

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 projections included in the report.

Appendix 2 Resources Capital Programme 2020/21 – Detailed Monitoring Statement to 30 June 2020

Resources	Revised Annual Budget	Profiled Budget	Actual Spend	Remaining Budget
	2020/21	2020/21	30-Jun-20	2020/21
	£000	£000	£000	£000
Big Data	122	-	41	81
Broadband / Digital Durham	1,725	-	490	1,235
Code of Connection Compliance	161	151	150	11
Corporate Mail Fulfilment	55	19	19	36
Dark Fibre installations and Circuit/Microwave Upgrades	1	-	-	1
Homeworking	841	2	11	830
ICT Business Continuity	17	-	13	4
Mobile Device Management	184	-	-	184
Ongoing Server replacement	123	-	-	123
Replacement of Desktop ICT Equipment	1,641	-	391	1,250
Sharepoint Architecture	23	-	-	23
Tanfield Datacentre LAN Switching Replacement	30	-	-	30
Applications and Development	15	-	9	6
Archiving Of Obsolete Systems Based On Non Supported Hardware	-	-	-	-
Customer Relation Management System	836	-	6	830
Switch Replacement -Hardware	27	-	-	27
Middleware Software - Enterprise Application Integration	250	-	-	250
Integrated Customer Service Programme	220	-	(9)	229
End Device Patching	152	-	-	152
ICT Performance Management	200	-	-	200
Learning Gateway	-	-	-	-
Technical Services	-	-	-	-
ICT Service Desk Replacement	300	-	-	300
ICT Services Include Design and Print Total	6,923	172	1,121	5,802
Civica Pension Fund Administration System	-	-	-	-
Migration of HR/Payroll Functionality	82	9	(1)	83
Financing Resources Total	82	9	(1)	83
Durham History Centre	1,000	-	54	946
Durham History Centre Total	1,000	-	54	946
RESOURCES TOTAL	8,005	181	1,174	6,831